

Nation's Business

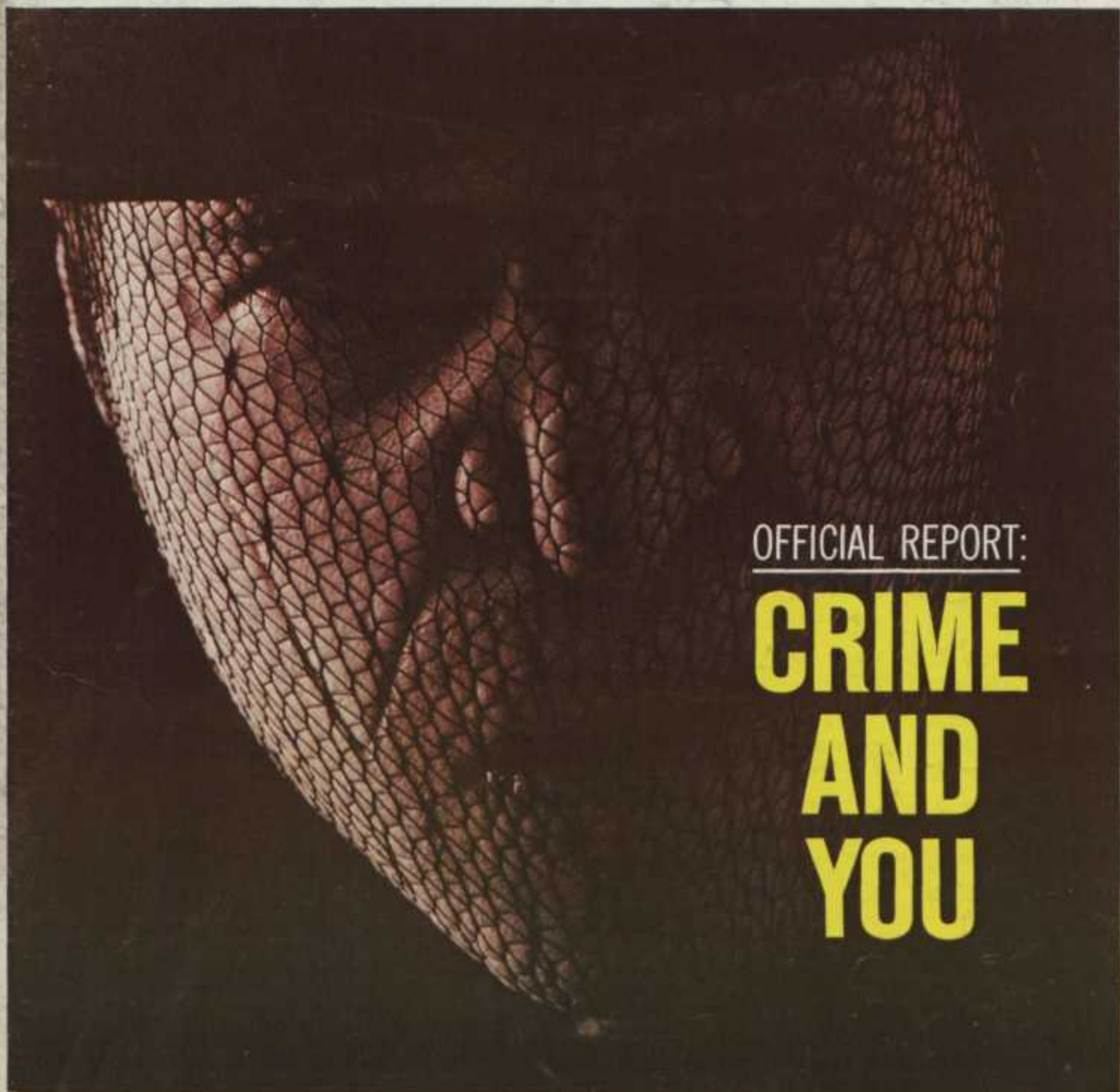
And the boom goes on

Do NOT remove from office

A replacement for the income tax?

ROUGH COPY

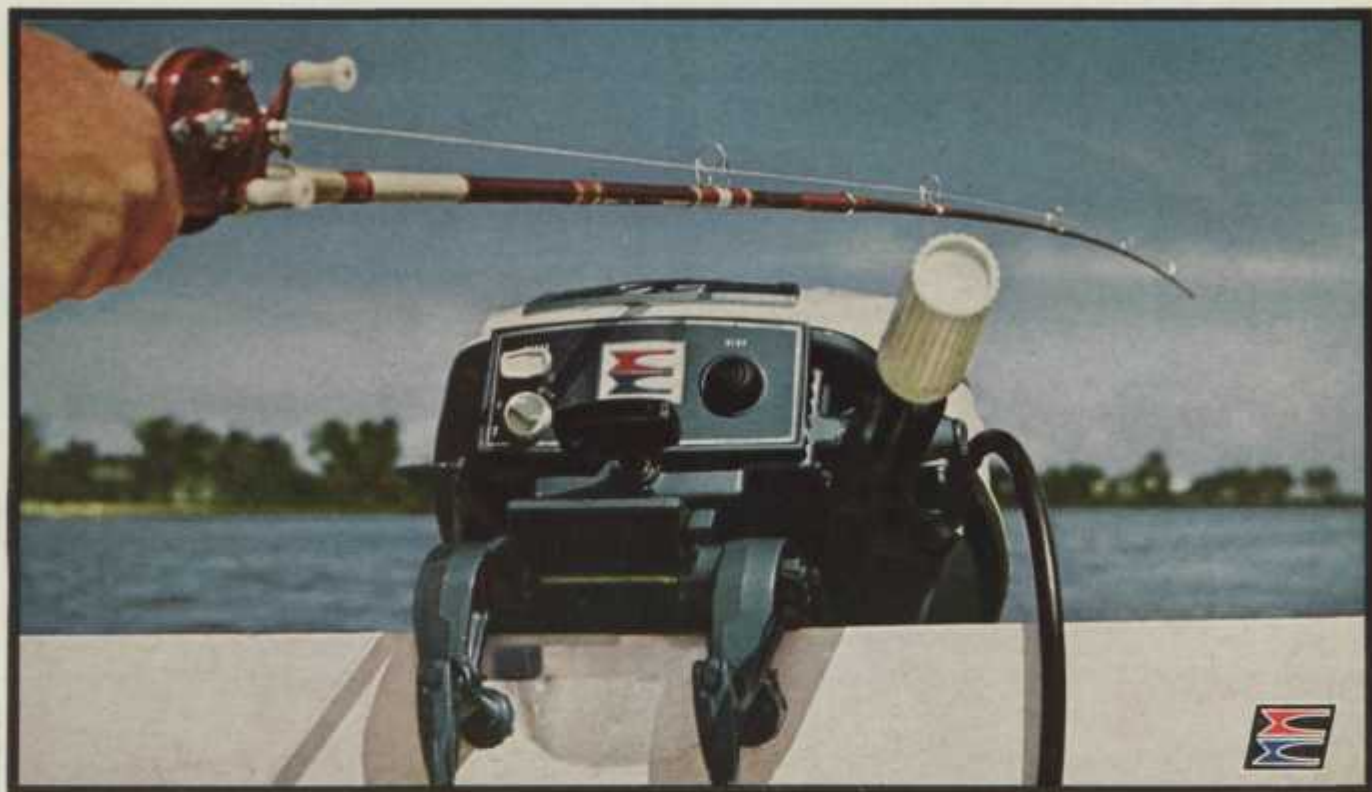
Gen. Omar Bradley on leadership



OFFICIAL REPORT:

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Nation's Business

Trussell

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Gen. Omar N. Bradley, chairman of Bulova Watch, believes confidence is the key word in developing talent

Cover photograph: Yoichi R. Okamoto

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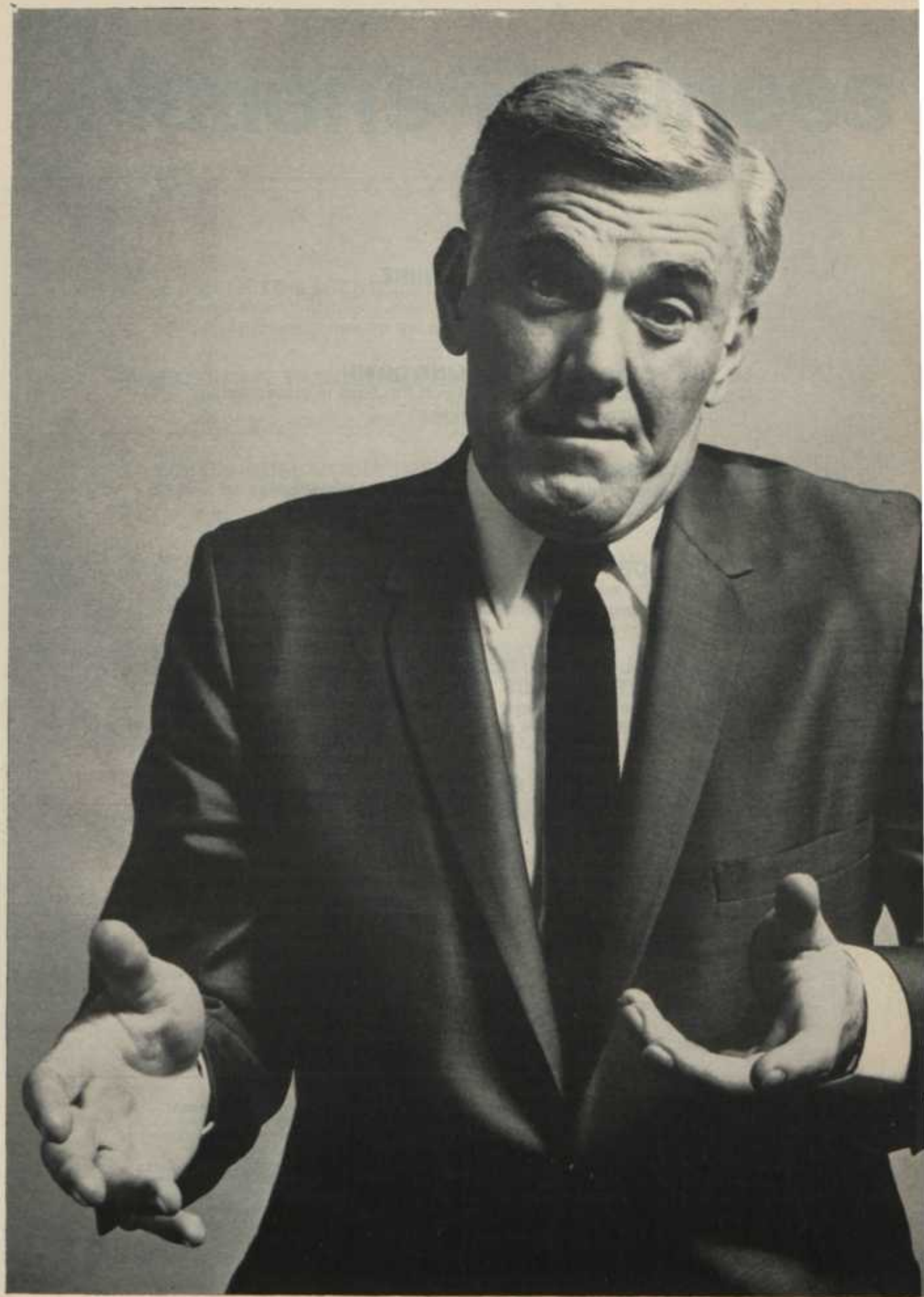
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New York Life statement of condition



New York Life compiled another year of record achievements and responsible growth in 1968. Life insurance sales reached a new high of \$5.4 billion, a 13.6 percent increase over 1967. The Company's assets continued to climb, reaching \$10 billion. Payments to policyowners and their families rose 7 percent over last year. Earnings on investments also set a new record. As a result of all-time high dividends, the cost of life insurance to millions of our policyowners is now lower than at any time in our 124-year history.

DECEMBER 31, 1968

Prepared from the Annual Statement filed with the New York State Insurance Department

ASSETS

BONDS:

United States Government	\$ 128,838,655
State, Municipal, Authority and other government	202,590,170
Railroad	236,081,794
Public utility	1,201,955,172
Industrial and other	3,123,270,868
	<u>4,892,736,659</u>

STOCKS:

Preferred and guaranteed	323,229,323
Common	389,438,981
	<u>712,668,304</u>

FIRST MORTGAGES ON

REAL ESTATE:

Insured and guaranteed	858,272,647
Conventional loans	1,831,968,773
	<u>2,690,241,420</u>

REAL ESTATE:

Properties for Company use	45,501,725
Rental housing and business properties	314,658,437
	<u>360,160,162</u>

MINERAL INTERESTS	26,396,321
LOANS ON POLICIES	1,001,302,593
CASH	35,795,639
DEFERRED AND UNCOLLECTED PREMIUMS	199,008,655
INVESTMENT INCOME DUE AND ACCRUED AND OTHER ASSETS	107,787,232

TOTAL ASSETS \$10,026,096,985

LIABILITIES

POLICY RESERVES \$ 7,350,890,229

These reserves are required, together with future premiums and interest, to assure payment of future benefits to policyowners and beneficiaries.

**POLICY PROCEEDS LEFT WITH
COMPANY AT INTEREST** 352,430,206

**DIVIDENDS LEFT WITH COMPANY
AT INTEREST** 921,837,280

**DIVIDENDS AUTHORIZED FOR
PAYMENT TO POLICYOWNERS
IN FOLLOWING YEAR** 258,668,453

**PREMIUMS RECEIVED
IN ADVANCE** 51,623,087

POLICY CLAIMS 71,107,448
Benefits in course of settlement and provision for claims not reported.

**MANDATORY SECURITIES
VALUATION RESERVE** 247,998,716

**TAXES—FEDERAL, STATE
AND OTHER (NOTE 2)** 46,423,626

OTHER LIABILITIES 92,937,956
9,393,917,001

SURPLUS

**SPECIAL SURPLUS FUNDS—
CONTINGENCY RESERVES:**
Group life 8,500,000
Separate accounts 750,000

UNASSIGNED SURPLUS 622,929,984
632,179,984

**TOTAL LIABILITIES
AND SURPLUS** \$10,026,096,985

Note 1: Bonds subject to amortization under the provisions of New York State Insurance Law are stated at their amortized values. Income bonds and preferred stocks in "Good Standing" are valued at cost in accordance with the National Association of Insurance Commissioners Valuation Procedures, and all other bonds and stocks are at market values. Real Estate is stated at cost less accumulated depreciation. Securities valued at \$108,778,761 at December 31, 1968 and \$103,696,737 at December 31, 1967 are deposited with Governments and States as required by law.
Note 2: Includes \$19,900,000 for anticipated assessments of federal income taxes for prior years. The Company will take appropriate legal action to contest amounts considered to be improperly assessed.

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Cardinal goals of the Nixon Administration will involve the business community to an unprecedented degree.

This can now be reported with assurance after a wide-ranging and candid discussion with the man who is probably the President's closest adviser.

He lists the prime objectives of the Administration—after seeking peace—in this order:

"Restoring law and order and respect for the law.

"Bringing inflation to a halt.

"Maintaining a condition of practically full employment.

"Assuring strong competition in the economy.

"Eliminating various government controls."

This key Presidential adviser, to whom President Nixon often defers in Cabinet meetings, says that "great reliance" will be placed on the business community. He believes that there has been a revolution in the thinking of business leadership in recent years. Whereas once, public problems, particularly in the social field, were often shunted aside as "work for do-gooders," now businessmen "realize that if our cities decay there may be no future" for business enterprise.

"The effort of the private business community will be massively enlarged," this official predicts, as new programs are shaped to draw in businessmen.

Although tax credits and other inducements will be sought, he says, more can be done by business in terms of voluntary efforts to rejuvenate downtrodden people and cities even without federal tax incentives or subsidies.

The major plans of the Administration to lean more on business come at a time of drastically changing relationships between business and society.

Business today flashes into the public eye intermittently as hero and villain. At one moment, it is building experimental low cost housing in the ghettos. The next moment, its recruiters are picketed on college campuses for making munitions for Viet Nam. Industry is simultaneously praised for its technological advances and

Tait Trussell is managing editor of Nation's Business.

NIXON'S PRIME GOALS



BY TAIT TRUSSELL

criticized for polluting our waters.

The fact is that nearly everybody is more and more involved with American business either as employee or owner. Just in the 1960's, for instance, the number of shareholders in the nation's corporations has doubled to more than 26 million.

While business is providing more and better products and services than ever, it's having less of the personal contact with customers that

built trust in the retailing days of yore. And since everything is electrified, transistorized and systematized any product can be innately trouble-prone because of its complexity.

But more and more, business is expected to offer and guarantee the better life for America.

Just as business faces agonizing conflicts on duty and image, so does the President of the United States—in spades.

A sampling of seemingly irresolvable conflicts: How do you stop the inflationary boom but maintain prosperity? How do you cut federal spending but keep America strong and correct society's faults? How do you please both the white middle class and the black activist?

As the key Presidential adviser remarks in discussing such enigmas, "Men don't seek election to high office because it's an easy life."

Dealing with such schizophrenic problems seems to have blurred the President's own political philosophy in the minds of many citizens.

Just as some people now wonder if business is really conservative if it is neck-deep in do-gooding, even more people wonder what happened to the Nixon who usually has ridden a conservative horse in his long political career.

One political columnist described the Nixon Administration's direction as only "a little to the right of the left of center." And some of Mr. Nixon's conservative supporters have openly

grumbled that the New Nixon is too new for them. "He blew it," lamented one right-leaning journal.

What disappoints some of his backers are such Presidential actions as:

Appointment of many liberals—such as Urban Affairs adviser Daniel Patrick Moynihan—to high office.

Keeping the controversial federal anti-poverty office in operation.

Enforcing school desegregation North and South with the threat of withholding federal funds.

Supporting extension of the income tax surcharge.

Asking for prompt ratification of the nuclear nonproliferation treaty.

Talking about putting more money into the Johnson Administration's Model Cities program.

Failing to "sweep clean" the State Department.

Changing the defense requirement of nuclear "superiority" used in the election campaign to "sufficiency" since he took office.

Proposing federal standards and larger payments for welfare.

A thorough review of Nixon Administration actions, however, turns up moves that hardly could be excitedly embraced by liberals. For example, Mr. Nixon has:

Spoken out bluntly against campus disruptions.

Endorsed the use of wiretapping in criminal as well as national security cases.

Approved, for the nation's capital, a limited system of preventive detention of accused criminals as a means toward better law enforcement.

Discussing Administration aims and plans with the President's trusted adviser leads to the conclusion that you can't really categorize the political philosophy of Mr. Nixon. As this official says, Mr. Nixon is "neither liberal nor conservative. He is conservatively inclined on many issues and liberally inclined on others, and a sound and mature thinker on all."

In any case several major decisions, as forecast by this high official, may well please businessmen—liberal or conservative.

The ideal goal in battling inflation is to bring it down to zero. But, the Presidential adviser points out, "since this is less than an ideal world the Administration will have to be satisfied with something as close to zero as possible." He predicts, "There is at least a fair chance of stopping inflation without a rise in unemployment."

But the seriousness of our current inflation is

even more apparent when it is considered that the cost of normally steady-priced items accounted for the largest part of last year's rise.

Also, there has hardly ever been a year when wage increases were lower than for the previous year. And even though industries which set the pattern for pay increases are not up for bargaining this year, deferred increases already in present contracts, plus hikes in service and public jobs, will jack up wages even more.

Moreover, experts now predict that productivity in '69 will probably not rise much, meaning higher costs per unit of output.

As for unemployment prospects, not only will more young people be reaching working age this year, but veterans from Viet Nam will be flooding the job market if the fighting can be ended.

Public scoldings of management when prices must be raised will not be resorted to, it is promised.

The adviser predicts also a consolidation of many of the existing 400 federal grant-in-aid programs "to give governors more elbow room" as well as to make economies possible.

Though there is no plan to set up an economizing Hoover-type com-

mission, "there will be commissions set up" devoted to bringing spending under greater control in specific issue areas.

A Council on Law Enforcement will be set up as a continuing advisory body to recommend improvement in law enforcement and justice to the President.

A National Computer Job Bank will be broadened from a pilot program now to a nationwide program in future years so that man and job can be matched anywhere in the country.

A new task force will deal with the "frightfully difficult" problem of national emergency strikes. The aim is a new law, but "not just legislation for legislation's sake."

Present controls restricting business investment abroad will be relaxed partially in coming weeks.

What are often considered conflicts in public policy, or in corporate policy, may not really be irresolvable after all, as the Administration relies more on business. For example, the Commerce Department's new program to stimulate enterprise among minority groups. As Commerce Secretary Maurice Stans puts it, it could bring the resources of government and business together to build self respect and pride and even "create a capital class among minorities."



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EXECUTIVE TALENT SCARCITY A MYTH?

• In Executive Trends [January] you quote Golightly & Co. as saying bigger salaries are in prospect because of inflation and competition for scarce talent. I have seen these last two words "scarce talent" in print so frequently lately in so many publications, that I can't help but wonder who says so?

It just must stand to reason that as productive as our educational society is today, there must be more executive talent than ever before. The problem is to search out this talent and put it to use. I personally know of much fine talent that is without much future to look forward to simply because these proven executives do not hold a college degree. A proven executive today needs no degree as a prerequisite for a position. To the nation's employers I say let's look at the talent available—not just the degree talent available.

J. PERRY HAUPT
Assistant Controller
Automotive Supply Co.
Altoona, Pa.

• Re "Answer to Urban Crisis"

[February]. In conducting the survey, and publishing responses from mayors of cities of varying sizes and location, NATION'S BUSINESS performed a most useful function. Hopefully, the very definite pattern of "ills and remedies" which emerges from the article will help in pointing the way to the kind and volume of federal assistance so urgent if the American city is to survive.

JOSEPH A. DOORLEY JR.
Mayor
Providence, R. I.

Seat of the problem

• Re your article "If You Want To Stay Healthy" [February]. Dr. Garland Herndon Jr. was asked: "What kind of chair—hard or soft—should an executive sit in at his desk?" To which he answered, "I think the executive should select a chair which to him will be most comfortable. That is, a chair which will be high enough in the back to support him just above the shoulder blades. . . ."

It will be generally agreed, by

those of us in the business of recommending correct seating, that an important aspect has been overlooked, perhaps inadvertently. Therefore, we would add this:

"The desk chair should have a relatively short seat. This encourages the user to sit all the way back. This will automatically place his small-of-the-back snugly up to the chair back, thereby providing the needed support. The executive would then assume an alert as well as a comfortable seating position."

A high back does offer some physical, as well as psychological support, in addition to its esthetic contribution.

JOHN COIL
Manager
Unified Planning
Chicago, Ill.

Morley gives a lift

• Reading for the average businessman has to be on a selective basis. I am thoroughly saturated with trade magazines and current events articles, so that I have little time for general reading.

I must congratulate you on one article in NATION'S BUSINESS which I never miss. Felix Morley gives so much down to earth philosophy of life combined with an historical background of wide range that I always find time for this real "lift."

I wish there were some way of getting his messages before a wider audience. I am thinking particularly of our colleges and universities.

GEORGE A. CONNER
Vice President
Fidelity and Deposit Co. of Maryland
Baltimore, Md.

Man and his fate

• "Executives of the Future" [January] is one of the most depressing things I have read in a long time. Such stuff is heard and read in a lot of places, but seeing it in NATION'S

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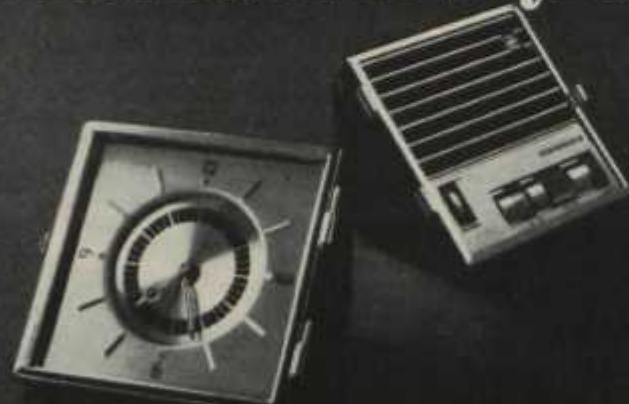
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letters *continued*

BUSINESS makes a man's hope for his country wane.

As a believer in and devotee of the capitalistic, private enterprise system and a believer in what has been our form of government and a relatively free and responsible society, I have maintained hope for survival of our way of life and for a bright and rich future for my children and their children.

Mr. Uris takes the currently popular position (without saying so) that the successful man need not be concerned with such outmoded concepts as spiritual life, the sanctity of the family, the briefness of one's physical existence, the possibility of the immortality of the soul or human spirit—in short, that portion of life that is generally lumped under the heading of religion.

I am by no means a religious fanatic or fundamentalist, but I know that man has needs that cannot be filled by himself or his fellow creatures. Man has demonstrated this fact through the ages by his almost universal effort to find something to live by, to believe in; some source of strength. The notion that he has risen or is about to rise above these needs is preposterous.

RALPH GRANT
Agent
State Farm Insurance
Pensacola, Fla.

Student speaks out

• The rags to riches story of Mr. James D. Edgett [February] is in the great American tradition.

However, Mr. Edgett's weak attempt to justify government regulation of the trucking industry hardly seems to qualify as inspirational leadership.

But then, perhaps I take Patrick Henry too seriously.

BARRY L. BOYER
Graduate student
(economics and business)
University of Oregon
Eugene, Oregon

New subscriber approves

• Your January issue brought to my attention some very excellent articles: "Right or Wrong", "If We Want Real Tax Reform" and "Treating People as Individuals." It is the most outstanding issue of my short subscription.

RICHARD G. MILLS
Felton, Calif.

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executive trends

MORE OUTSIDERS ARE "IN"

- RATING PENSION FUND MANAGERS
- WHAT CONSULTANTS REALLY DO

Taking a new route to the top

One expert's view: Try a detour. That's what a recent survey of top corporate promotions suggests. Forty-three per cent of new corporate presidents had been with the company only five years—or less.

Twenty-two per cent were hired directly from outside to fill the top job.

Many new vice presidents (34 per cent) also had only five year's service, or less, with their firm.

"This executive mobility, or job switching, is a clear trend," says the survey taker, R. M. Schmitz & Co., Inc.

A similar study a year earlier showed only 34 per cent of top posts going to relative newcomers—and only 14 per cent to executives hired directly from outside.

"Increasingly, companies are not able to grow their own executives," says Wilbur Hinds, vice president in charge of the firm's New York office.

"This situation is worsening, and suggests that many companies should re-examine their executive manpower development programs."

Presidents are getting younger, as well as more footloose.

Their average age was 48—only two years older than the average, newly promoted vice president's.

When salesmen run out of gas

Could be any one of many reasons, experts say.

Maybe his self-esteem's dented.

Or he may be just plain wrung out.

To get him back in high gear, says C. I. T. Financial Corp., try letting him bend your ear. To prime him:

1. Give him your undivided attention—and privacy.
2. Be friendly and sympathetic, even if you don't agree.
3. Give him all the time he needs.
4. Don't minimize his problems. They may seem small to you—but big to him.
5. Let him finish before you try to reassure him.

While he's talking himself out, C. I. T. says, chances are you can spot the real trouble—if he doesn't spot it himself first.

Salvaging a good man is cheaper than hiring a new one.

To select, train and supervise a new salesman until he's productive costs an average \$6,842, Sales Manpower Foundation surveys show.

Plus salary.

Not all of 'em are swingers

"Dividends!" one mutual fund salesman snorts.

"The public couldn't care less."

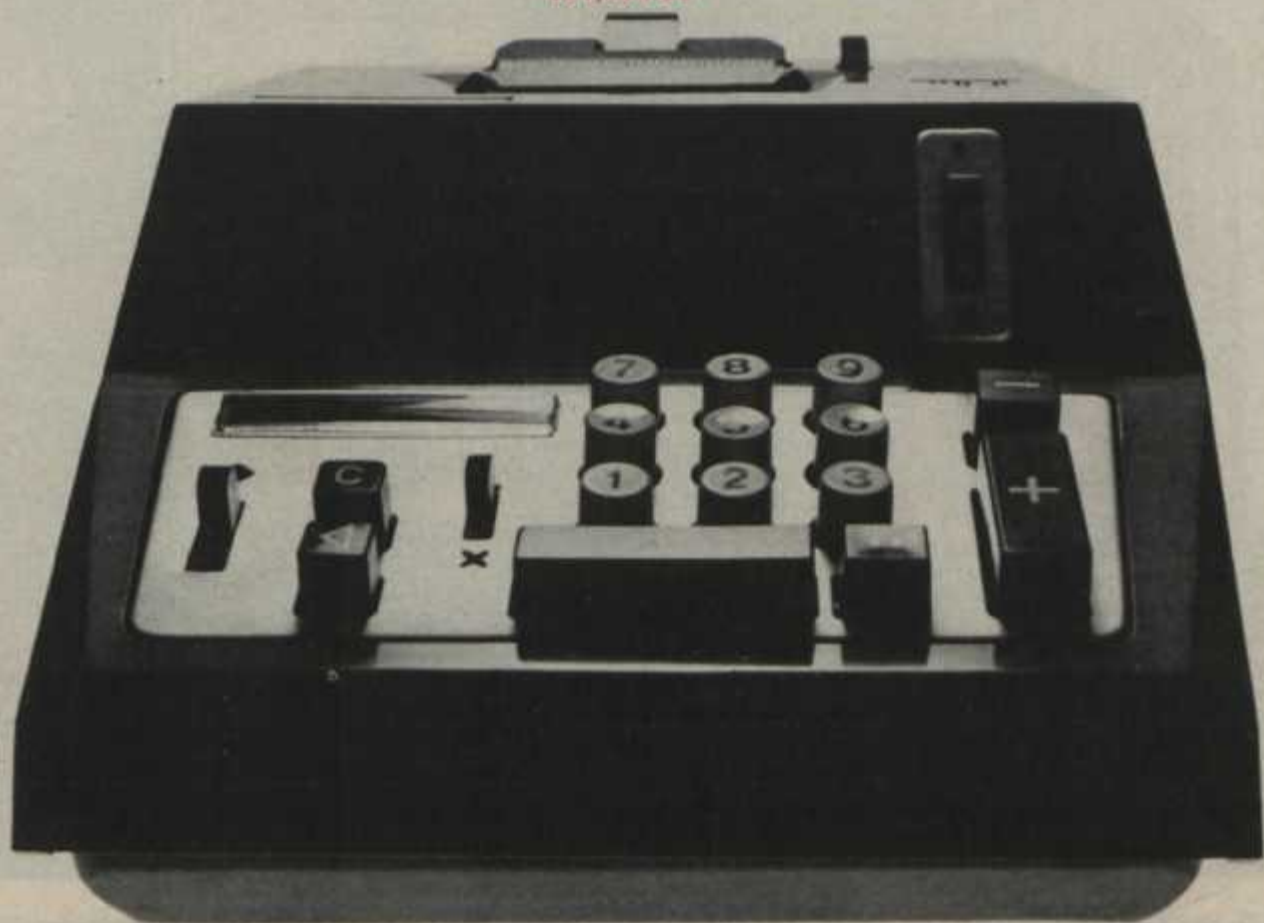
"It wants swinging, go-go funds that rack up big capital gains."

Not so, says The Putnam Income Fund, Inc. It polled its shareholders and found:

- Most (50 per cent plus) favored aiming at higher current income or (22 per cent) increased future income.
- Only 18.5 per cent opted for "high performance."

"Maybe our shareholders aren't

	145.50	PROVIDES A PERMANENT RECORD.
	2,547.85	
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	4,479.03*	
	1.47	ADDS.
	2.56	
	4.78	
SUBTRACTS.	6.58	PRINTS CREDIT BALANCE IN RED.
	2.89*	
	4.85	
	4.85	
	4.85	
	48.50	
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	111.55*	MULTIPLIES.
LISTS UP TO SEVEN COLUMNS.	12,345.67	
	76,543.21	
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prices start at \$109.50 for a Quanta that totals up to eight digits. Another totals up to just a penny less than a billion dollars. Quanta recognizes a small business' need for a machine that will

last. It has a Five Year Guarantee.* Look for your Olivetti Underwood dealer in the Yellow Pages. He'll show you how the details of a Quanta really count. For you.

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shake up your
ideas about
heavy-duty trucks,
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When GMC—the truck people from General Motors makes a promise to truck people, they deliver.

This year, it's with a long-haul giant, designed and built for the space-age. A truck that will give owners, drivers and mechanics a whole new perspective of excellence—GMC's Astro 95.

The cab is all aluminum. Aerodynamically designed to slice through the air for less drag on horsepower. It's part welded and part riveted so the more vulnerable corner

panels can be easily replaced. Floor and underbody are steel reinforced at critical points and are completely welded for extra strength. Four-inch leaf springs are standard up front.

The cab body tilts to 45° for minor servicing and to full vertical position for complete access. It has two safety latches and a hydraulic lock. It has radiator capacity big enough to cool 400 horses, two eye-level panels in the front to service water and oil, new safety door locks, two

The Astro 95



individually powered full-path windshield wipers—easily exposed for servicing, and a safe, easy-to-mount entrance ladder.

The command cabin of the Astro 95 is the most advanced cab interior ever built. Seats are padded and contoured to reduce fatigue. Frequently used gauges and controls are designed so that the driver needs only minimal effort to check and operate them.

Visibility is superb. The Astro 95 has a driver sight line, forward, unmatched by any truck of this size.

New 9" x 14" outside rear view mirrors are mounted lower without conventional brackets for vastly improved side vision.

The available integral air-conditioning-heating system eliminates roof mounted air-conditioning. Three sleeper sizes are available with either foam or inner spring mattress. Unsurpassed acoustical and thermal insulation provides maximum quiet, maximum comfort all year round.

Flexible hose plumbing is used in brake lines, fuel lines and air lines help assure

long life. The electrical system is color-keyed, routed and mounted along the frame rail for easy servicing.

Reliable power comes from diesel engines that deliver from 195 to 335 horsepower. GMC's famous 2-cycle line, plus Cummins heavy-duty 4-cycle engines are available for the first time.

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EXECUTIVE TRENDS *continued*

typical," says George Putnam, fund president. "Sixty-four per cent are over 65; 56 per cent are retired; 60 per cent are women.

"But we'll honor their wishes." In late 1968, the fund bought stocks heavily in basic industries like steel, railways and insurance. Many so-called growth funds would likely disagree with that tactic.

Rating your pension fund manager

How well is your pension fund managed?

The Bank Administration Institute thinks it has hit on a good way to tell. It recommends two yardsticks:

- A time-weighted rate of return—one that takes into consideration the effect of cash flows.
- The degree of risk run to achieve good performance.

How to apply these yardsticks is spelled out in a 24-page report, "Measuring the Investment Performance of Pension Funds." It's the result of a three-year BAI-sponsored study.

"Banks administer about \$72 billion worth of pension funds," Earl L. Bimson, BAI president, points out.

"But the same criteria could be adapted to size up any type of pooled fund—including about 158,000 pension and profit sharing funds, with assets of more than \$180 billion."

Finding Junior a summer job

Some business firms offer special summer student training programs.

Camps offer many job opportunities. But there are others, too.

New 1969 directories of summer jobs should be available now in university placement or deans' offices, in college and public libraries or U. S. Employment Service offices.

Two that should be useful are "Summer Employment Guide" (\$3.25, University Publications, P. O. Box 20133, Denver, Colo. 80220) and "Summer Job Directory" (\$6, The Advancement and Placement Institute, 169 North Ninth St., Brooklyn, N. Y. 11211).

They'll list places you might otherwise overlook. Like summer theaters, archaeological excavations, resorts and dude ranches.

Most openings, of course, don't offer much glamor. Just hard work and the chance to learn and earn.

Executive demand continues to rise

It's up for the third quarter in a row, Heidrick and Struggles, international executive search consultants, say. Demand for marketing executives holds almost steady, despite big recent gains, and executive job offerings in the defense engineering and science field seem to be recovering from last year's slump.

Here's what EXECUTREND, the firm's copyrighted survey of executive demand, shows for the latest quarter (up to March 1) compared to the previous quarter and the same quarter last year:

	PER CENT CHANGE COMPARED TO:	
	Previous quarter	Same quarter last year
Defense engineering and science	+35	-10
General engineering and science	+16	+11
Finance	+ 6	+23
General administration	+26	+15
Manufacturing	+21	+10
Personnel	+ 3	+11
Marketing	- 1	+46
TOTAL: All categories	+ 9	+11

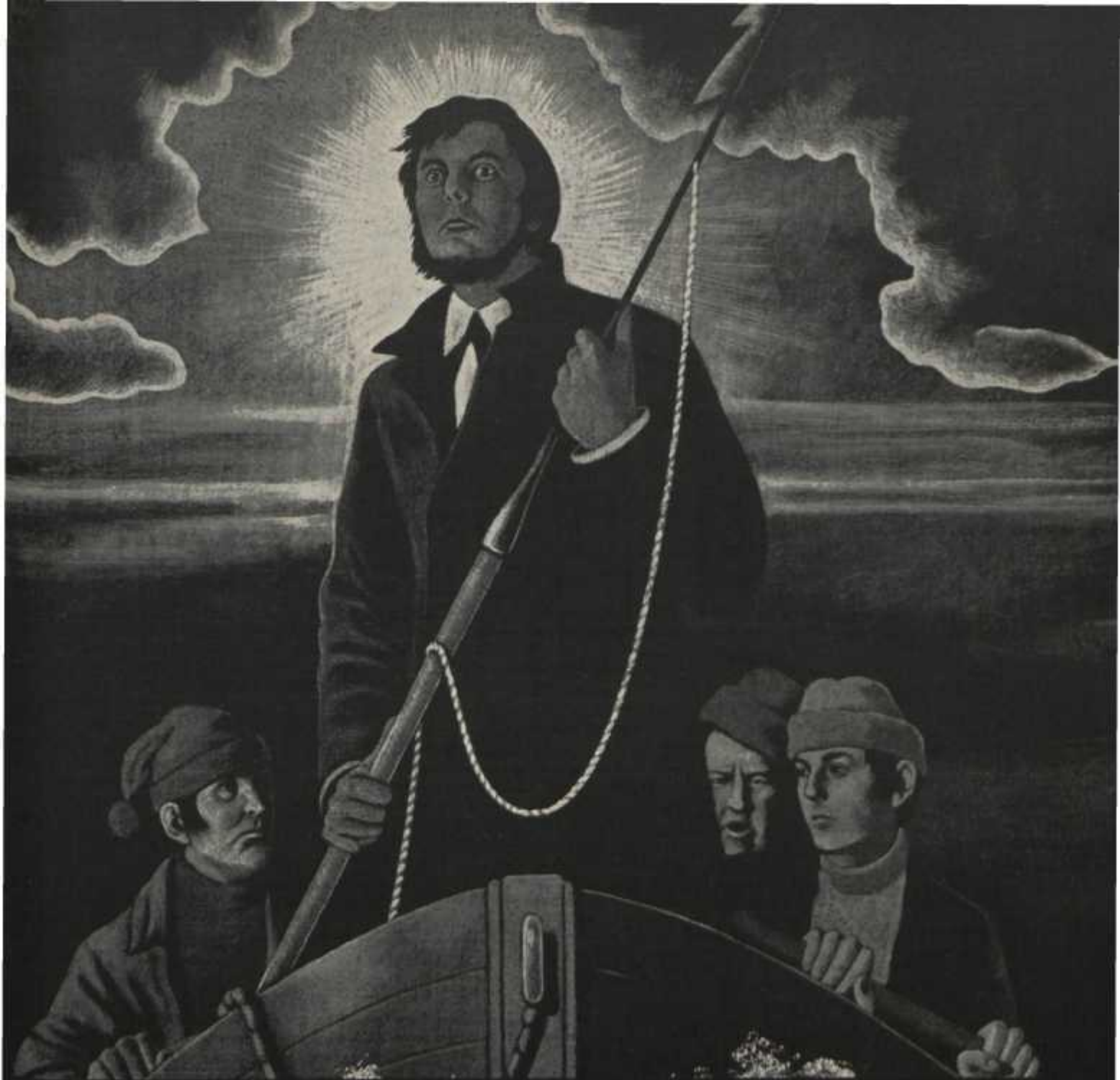
That revolution in Washington

How will the Nixon Administration tackle taxes, balance of payments, federal spending?

"The Fiscal Revolution in Washington," a new book by economist Herbert Stein, should give useful insights. It's a vivid, inside account of fiscal policy—and how it was made—from Hoover through LBJ.

Many of today's top economists—some now key White House advisers—appear in its pages. Author Stein is now one of the three members of President Nixon's Council of Economic Advisers.

Labor Secretary George P. Shultz



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business risks to the bone."**

John Ahab, Oil Refiner

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EXECUTIVE TRENDS *continued*

writes in the preface: "The management of the government's gross flows of expenditures and taxes, of the relations between these large sums and of their interaction with monetary and other variables is a critical element in economic policy. . . ."

The book, published by University of Chicago Press (\$10), is due in late April.

Why businesses go broke

"They keep too many records," one authority says.

"Or not enough."

Every new bookkeeper adds something else to the stack of paperwork. But he seldom eliminates any.

"And paper shuffling eats up profits," Bernard S. Browning, president, General Business Services, Inc., says.

"On the other hand, every businessman must keep essential records—like a monthly profit and loss statement, which tells him where

he's going and whether he should change course.

"Unfortunately, too many don't."

One out of two new businesses fails within the first two years, he points out. A U. S. Commerce Department survey shows 88 per cent fail because of inadequate book-keeping systems.

Honeymoon's over for suburbia

Firms that moved there early had the jump on the competition.

Their landscaped, campus-like settings once made it easier to recruit talent. But no longer, says James W. Dolen of Battalia, Lotz and Associates, New York-based executive recruiters.

"Worse still, as more firms cluster in suburbia," he adds, "the easier it is for ambitious executives to switch up—without leaving town."

His formula for keeping the executive ranks intact: Pay 'em well and get personnel managers who can stimulate them—intellectually and professionally.

When they head for the beach and the hills

Will anyone be keeping the store, when May, June and July roll around?

Not if you don't plan vacation schedules now, personnel experts warn.

The typing pool can dry up and the clerical cupboard go bare—unless leave time is staggered or temporary replacements hired.

It's a case where a stitch in time saves nine, Kelly Services says. It has a useful vacation scheduling kit to keep track of who's off—and who's aboard.

Management consultants—and what they really do

Don't assume they're in the business of giving expert advice.

Clients expect the consultant to be not merely an expert, but an oracle.

Robert Eck, a copy writer for the Foote, Cone & Belding ad agency, offers the comment along with tongue-in-cheek rules on how to attain that exalted status:

1. Never buy the lunch. It's beneath an oracle's dignity.
2. Don't offer comment, until asked. Every oracle must be petitioned.
3. Smile at the client's jokes—but don't laugh. Oracles always know the punch line in advance.

This public image isn't funny to consultants, however.

And a new association could change it.

The Institute of Management Consultants, Inc., was launched early this year by some leading practitioners of the art. It's not to be confused with the Association of Consulting Management Engineers, Inc. ACME is for management consulting firms. IMC is for individual consultants. It will strive to:

- Broaden public recognition and understanding of the role of consultants.
- Place primary stress on development of professional standards.
- Bring self-regulation into this rapidly growing field.

IMC estimates that some 40,000 to 50,000 consultants ply that trade full-time today.

Ten years ago, it says, only 20,000 did.

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screen is big and bright enough for daylight viewing in a conference room. Audiscan is the newest A-V communications tool—the kind that talks your language! Use the convenient coupon to send for details today. Audiscan, Inc., 1414 — 130th N.E., Bellevue, Wa. 98004. Phone 206-454-0694.



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A familiar theme these days is the degree of change in Washington under President Nixon. New Administrations like to put their own stamp on the capital, and the new officials import styles, habits, rhythms and interests that comforted and sustained them back home. Official Washington undergoes a subtle transformation.

But the city has many faces, and not all of them respond to what happens at the White House or in the upper strata of Cabinet departments or agencies. The slums at one end and Georgetown at the other have lives of their own. So do Embassy Row and the suburbs which house the more or less permanent civil servants and their families.

Still, the temptation to characterize a new Administration, to chart its influence on the city's tempo and mores and tastes, is overwhelming. Every straw in the wind is hauled in by the society reporters, dissected and analyzed for clues to the future. They don't look, of course, for foreign policy trends or domestic legislative shifts and turns, but for the fascinating social notes. When the First Lady wears the same gown she wore at the Inaugural Balls to a diplomatic reception at the White House, that is big, pace setting, breathless news. So is the return to white tie and tails for formal parties at the White House.

In the Kennedy and Johnson years, white tie receptions and dinners were rare. Both Presidents preferred the more informal black tie, and there is some reason to believe Mr. Johnson would have settled for a business suit as the uniform of the evening if protocol could be stretched enough to permit it.

LBJ had an almost fiendish dislike of the boiled, chafing splendor of the white tie. It hampered his loose-jointed Texas style. He once dramatized his contempt for the formal suit—and probably his disdain for the press as well—when he appeared at a Gridiron Club dinner, a traditional white tie affair staged by Washington correspondents, in a business suit.

Contributing columnist Peter Lisagor is White House correspondent for The Chicago Daily News.

THE MORE THINGS CHANGE

BY PETER LISAGOR



The club, whose annual show lets air out of bloated politicians and government bigwigs, once informed President Franklin D. Roosevelt with polite firmness that he had to wear a white tie or consider himself not welcome. But times and attitudes have changed, so when LBJ appeared at a late hour and unloaded a few well-polished barbs, he was not treated as a pariah because he was out of uniform. The club and its guests were so pleased he had come at all that they were quite happy to forgive him for defying the white tie requirement.

The change in Administrations also involves a change in the status of the hostesses, the grand dames of the salons, whose contribution to the cultural and social life of the community consists largely of being well-heeled enough to throw an expensive

bash. Their status is measured by one simple fact: are they in or out with the new crowd? Can they produce a fair gaggle of Cabinet officers or other Administration "stars" at their parties?

Some of these charming party givers, who are apolitical or at least discreet about their politics, manage to flourish with both Democrats and Republicans in power. Two of this durable type are Perle Mesta, the inspiration for the musical comedy, "Call Me Madam," and Gwen Cafritz, the recipient of a sympathy note from the President when she was robbed in her home of valuable jewels and furs. The women's pages would have you believe that the leading hostess under the new Administration could be Mrs. Claire Chennault, the glamorous widow of the Pacific flying hero and airlines executive. Anna Chennault ardently supported Mr. Nixon and has been a Republican stalwart in Washington for many years.

The lavish and ostentatious party gets a lot of attention in the newspapers, but in fact it is a side-light for the few. Most top Washington officials are too busy or too tired to make the party rounds, and many of them prefer the small dinner party in which they can bat around a few ideas or simply exchange small talk, depending upon the hostess' purpose. And the change from Eisenhower to Kennedy to Johnson and now to Nixon has been slight in this particular area. The small dinner

party is a staple of Washington life, resistant to major political changes and only marginally conditioned by the course of public affairs.

The President, to be sure, sets a tone, but in time he finds himself more and more restricted and isolated by the demands of his office and security.

In his first days in the White House, John Kennedy thought he could attend a Washington movie theater without causing an unnecessary stir. But he was wrong, and tried it but once. He also felt he could accept dinner invitations from journalistic friends or old buddies with whom he had fraternized as a Senator. This threatened to offend so many other alleged claimants on his time that he finally gave up and did his own entertaining in the White House.

Lyndon Johnson occasionally visited the homes of old friends or associates in his early days as President, but the commotion caused by Secret Service arrangements, police escorts and the like, robbed the excursions of their informality and surprise and thus diminished much of the pleasure Mr. Johnson got out of them.

President Nixon seems content to entertain at small dinners in the White House, for both social and business reasons. He never was much of a party goer in his previous Washington service as Vice President and legislator, except as protocol demanded. In the early weeks of his Administration, he attended only one publicized private party, and that was to celebrate the eighty-sixth birthday of an old friend and supporter, Mrs. Alice Roosevelt Longworth, a witty, animated shrine to whom all Presidents since the White House days of her father, Theodore Roosevelt, have paid a certain degree of homage.

Mr. Nixon's practice of holding Sunday church services in the East Room of the White House is an innovation that has raised the expectations of those eternally hopeful of receiving an invitation from 1600 Pennsylvania Ave. But it also has raised the eyebrows of some clerics who wonder about the propriety of using the Executive Mansion for mass prayers.

In some ways, the Nixon people are much like the Johnson crowd. They work long hours, they are serious-minded, and they are not habitués of discotheques and public watering places. LBJ could think of no greater sin than to have his top aides patronize a Georgetown cocktail party, where he felt sinful rumors and gossip, and per-

haps a state secret or two, were freely and idly exchanged, to the detriment of him and his Administration. Mr. Nixon would not presume to direct his associates after working hours. He probably knows them well enough: They run to the circumspect and discreet types and are unlikely to spice the Washington columns with unseemly tales.

In Nixon's Washington, far fewer Texas Stetsons are seen around the White House, and the accent has the flat twang of Iowa and California in contrast to the soft drawl of LBJ's days. The excessive preoccupation with rumors and speculation is gone (one of Mr. Nixon's first acts was to order the three TV sets and two wire service teletype machines removed from his Oval Office).

Florida has replaced Texas as a work and rest retreat for the President, and a pronounced orderliness has been restored not only to the President's schedule but to the atmosphere of official Washington as well.

This sense of order was even evident on his European trip at the end of February. Such junkets are usually conducive to a certain chaos in the ranks of the schedule-makers,

and Mr. Nixon was not so punctilious that he ignored the opportunity to shake a few hands in London, Paris, Berlin and Rome streets, often to the horror of the security police.

But even so, he adhered to his schedule remarkably well. Because it was a working visit, the hoopla was limited and the ceremonial occasions minimized. A brisk pace was doggedly maintained, and when the President found himself 15 minutes late leaving Paris for his flight to the Vatican and an audience with Pope Paul VI, he remarked that you might keep others waiting but not the Pope. Air Force One made up the time and the Pope was not kept waiting.

Mr. Nixon's respect for schedules is in sharp contrast to what it was like around the White House in LBJ's time. To Mr. Johnson, the time for any given appointment or event had to be flexible, and running behind schedule was a chronic state of affairs. Nobody makes a career of waiting in the Nixon White House.

But the changes at best are superficial, atmospheric, style-directed. For, quite apart from policies and philosophy, the national government is a time-consuming, back-breaking, brain-taxing challenge for Republicans no less than Democrats.



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INFLATION OR UNEMPLOYMENT?

BY FELIX MORLEY

The Nixon Administration is now deeply engaged in an endeavor of great theoretical as well as practical importance—the effort to slow inflation without increasing unemployment.

At the beginning of this century that would have been regarded as an almost impossible objective. With or without moderate inflation, unemployment was then seen as "the shadow side of industry." Sir William H. Beveridge, an English pioneer in this field of economic research, came to this conclusion in his classic study, "Unemployment," first published in 1908.

The condition arises, wrote Beveridge, "because, while the supply of labor grows steadily, the demand for labor, in growing, varies incessantly in volume, distribution and character. This variation . . . flows directly from the control of production by many competing employers. . . . Unemployment, in other words, is to some extent at least part of the price of industrial competition."

This admission was immediately exploited by socialists everywhere. If involuntary unemployment is a necessary concomitant of free enterprise, it was argued, then government should provide the jobs that private business cannot make available. A decade after the Beveridge book appeared the Russian Communists were citing it to bolster the claim that there would be no unemployment under their system. The State would furnish work for all. What sort of work, under what conditions and for what remuneration was never specified.

Beveridge had already met this point, saying: "There may be worse things in a community than unemployment." Slave labor is one of them.

Contributing columnist Felix Morley is a Pulitzer Prize-winning former newspaper editor and college president.



Another is explosive inflation, where the value of money evaporates so rapidly that people abandon saving to spend feverishly before prices rise ever higher. Such runaway inflation temporarily stimulates production and may for a time create an actual shortage of labor. But no thoughtful person would call this condition happy.

To avoid these unpleasant alternatives Beveridge advocated "reducing the pain of unemployment to relative insignificance." To this end he successfully advocated the British system of employment exchanges, imitating those earlier introduced in Germany, whereby a governmental agency brings available jobs and workers together systematically and on a nationwide basis. In addition Beveridge was instrumental in launching the device of unemployment insurance, financed by employer, employee and government contributions.

Assistance of this character, however, is clearly insufficient if unemployment becomes continuous and severe. In the first instance the insurance earned is both inadequate and soon exhausted. And if the degree of unemployment is considerable the exchanges soon have many more applicants than jobs available. These deficiencies become all too evident during a business depression, which can be politically disastrous for the party in power.

A generally accepted definition of involuntary unemployment is the condition of a person "capable of and available for work but unable to find suitable remunerative employment." The adjective "suitable" is included because a professional violinist, for instance, is not expected to fill a vacancy for a short order cook.

Students of the subject agree that at least two per cent of those of working age will always be unemployed, by the above definition. This includes those who are on strike, or voluntarily

changing jobs, at any given moment. The number of continuously "idle rich" is tending down. On the other hand, there are many more "idle poor" who find it possible to get by on relief payments or other forms of governmental subsidy.

During World War II the demand for manpower kept involuntary unemployment to the absolute minimum. But this period also promoted the inflation which can easily become one of the things worse than unemployment. Moreover, when prices rise both far and fast they tend to cut effective demand down to the point where production languishes and unemployment rises as a direct result of inflation.

It is concisely said that inflation results "when too much money is chasing too few goods." From this it follows that both curtailment of the money supply and increased productivity are practical remedies.

Productivity, unfortunately, has lately failed to keep pace with rapidly increasing wage rates. And a more direct cause of inflation is found in the huge expenditures going into defense and space exploration. These add nothing to the supply of goods available to consumers and help to explain why prices have been shooting up. Even the surtax, and increasing local levies have as yet shown little restraining power. Despite the additional revenue it is uncertain that this year's federal budget can be balanced. And deficit financing, now habitual for the national government, inevitably leads to further currency depreciation.

Therefore the Federal Reserve Board, even before President Nixon was inaugurated, decided to bear down on the "too much money" aspect of the inflation formula. The minutes of the Open Market Committee for Dec. 17 show that the decision was then taken to curtail credit, regardless of the increased interest rates which would result.

Nobody knows, however, whether this "cooling of the economy" can be accomplished without a "crunch" which will mean widely curtailed profits and, in consequence, increased unemployment.

Both the recent stock market gyrations and the very cautious statements of the President's economic advisers reveal this uncertainty. Speaking for the latter, Dr. Paul McCracken is hopeful that "the adverse effect on unemployment won't be large." But by the same token he warns that "inflation can't be stopped cold." The practical ambi-

tion is not to stop rising prices altogether, but to slow the recent rate of increase. To this end both monetary and fiscal policies are being directed.

A major difficulty in achieving this "fine tuning" is the contradictory nature of many underlying governmental activities. As a single illustration, under the Fair Labor Standards Act, the minimum wage has been raised from 40 cents an hour at the end of World War II to \$1.60 today. Along with this fourfold increase has gone a similar extension of coverage, from 10.6 million to 42.8 million persons.

It can scarcely be mere coincidence that during this period the percentage of unemployment among young Negroes has mounted sharply. They are, by and large, the least skilled portion of the working population and therefore those most likely to be overlooked when wage costs rise beyond the resources of small employers. Except in government service equality of opportunity cannot be maintained unless there is also equality of performance.

No small part of the problem facing the Administration today is the fear that ghetto unemployment, already a serious social problem, will be augmented by any sharp cooling of the economy. Yet it is the slum dwellers who are least able to escape the consequences of inflation.

In the autumn of 1960, when about six per cent of the total labor force was unemployed, the President's Commission on National Goals expressed "belief that unemployment can be reduced without an increase of inflation that would overbalance the benefits." Since then the percentage of unemployment has been halved, but the rate of increase in the consumer price level has doubled.

That relationship points up the dilemma. As Sir William Beveridge said long ago it is not a problem that free enterprise can solve, no matter how great its goodwill. The private sector has little or no control over the many forms of public extravagance which have combined to produce a situation that, in any generally acceptable form, may well prove insoluble for government.

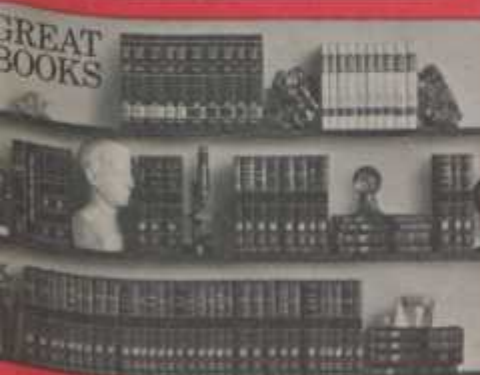
It is a good sign, however, that for the first time a resolute effort is being made in Washington to confront, rather than evade, the requirements of healthy economic policy. It should be encouraging, for an able and industrious people, that the Council of Economic Advisers has told us so frankly that "the country has run out of the easy way of doing things."



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changing jobs, at any given moment. The number of continuously "idle rich" is tending down. On the other hand, there are many more "idle poor" who find it possible to get by on relief payments or other forms of governmental subsidy.

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explain why prices have been going up. Even the surpluses levies have as yet shown little effect. Despite the additional tax burden of this year's federal budget deficit financing, now being met by the government, inevitably depreciation.

Therefore the Federal Reserve Board, under President Nixon, has had to bear down on the inflation formula. The Market Committee for price control was then taken off, and the result was less of the increased result.

Nobody knows, however, how the economy can be kept from a "crunch" which would mean profits and, in consequence, unemployment.

Both the recent stock market crash and the very cautious statements of economic advisers reveal this uncertainty. Speaking for the latter, Dr. Paul McCracken is hopeful that "the adverse effect on unemployment won't be large." But by the same token he warns that "inflation can't be stopped cold." The practical ambi-

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A CLOUDED ISSUE

BY ALDEN H. SYPHER



A Winter Park, Fla., physician flies a single engine airplane that cost him \$20,000 for the plane and twice that amount for the panel.

Which means it is equipped with nearly all the electronic navigation and communication gear feasible for an aircraft its size. More important—through a program of instruction and practice that has been going on for years, and will continue as long as he flies—the doctor is expert in their use.

He can—and does—go into Jacksonville day or night, in good visibility or in almost none, to attend a meeting or to go about any other business he has in mind.

At night or in other periods of limited visibility he files an instrument flight plan with the Federal Aviation Agency, is assigned a course and altitude, and takes his turn along with other general aviation aircraft and scheduled airliners on the airways. Because it is good practice and good policy he follows the same rules in good visibility.

He's equipped and prepared to navigate by several methods. Usually he uses the omni-range, an almost incredible radio system that enables him to approach, or depart from, a station following any radial of the 360 degrees of the compass, assuming the course would not take him into a restricted area and the flight plan has been approved by the federal agency.

When he's approaching Jacksonville, or any other radar equipped airport, his transponder lights up like a Christmas tree star on the airway controller's radar screen. The controller knows exactly where he is.

This radar system, like the airways and control towers, is manned and maintained by the federal government, with some exceptions in control towers in nonmetropolitan centers. Most of the

airports the doctor uses were built with locally generated tax money, and some federal said.

On some weekends the doctor loads an inflatable life raft and other survival gear into the plane. Then he and his wife and children take off for the Bahamas. Since there is no omni-range near his favorite weekend hideaway, he uses his automatic direction finder radio to home in on a nearby com-

mercial radio station. From there he turns to his destination.

This is one example of the 120,000 general aviation aircraft—a term covering all but scheduled airliners and armed services craft—in the United States today.

Another example described in a classified ad in *Trade-A-Plane*, the aircraft owners' marketing bible:

"1939 PIPER J-3, 65 Franklin, 150 SMOH, excellent condition, fresh annual (inspection), good linen fabric, \$1,695, Brennand Aviation, Oshkosh, Wisc."

Another under the same classification:

"1968 PIPER NAVAJO TURBO; 270 (hours) total time, executive with seventh and eighth seats. King Gold Crown and ARC 21B ADF, complete de-icing equipment. Copilot group, blue and white, professionally flown. Call 617-595-1030 or write Mr. Samuel S. Oren, 161 Pleasant Street, Lynn, Mass. Sacrifice \$117,000."

Still another example is the brand new but bare Lockheed JetStar that touched down on Redbird Airport, outside Dallas, and taxied to the Executive Aircraft Services hangar.

The JetStar cost a New England corporation \$1.6 million—a figure the corporation expects to get back several times over through more efficient use of its executives' time.

It was at Executive Aircraft Services to be outfitted with a luxurious, teak trimmed office-like interior which cost, along with exterior painting, \$175,000. The electronics being installed by experts cost another \$295,000.

The jet-experienced crews that will fly this new jet on corporate business are going to school at Flight Safety, Inc., at New York's La Guardia Airport. In up-to-the-minute simulators they are put through every possible emergency until correcting procedures become so deeply ingrained they are almost automatic. This and other training will continue on a periodic basis. Another illus-

Contributing columnist Alden Sypher is former editor and publisher of *Nation's Business*.

tration of the development in civilian general aviation is in the display ad of Omni Sales of Washington, D.C., in a current issue of *Trade-A-Plane*.

Listed among several dozen multi-engine planes are nine used jets ranging from an Aero Commander at \$465,000 to a nine-seater JetStar for \$1.4 million.

These are among the 40,000 business airplanes in the nation today—a figure expected to double in the next three or four years. Growing at a similar rate is private flying, which is turning out pilots by the thousands at airports and airstrips throughout the nation.

Growing at nearly the same rate is airline passenger traffic.

Growing right along is a momentous conflict, already joined, between general aviation and scheduled airlines.

The question: Which, if either, has priority in the use of publicly owned and maintained airways and airport facilities when these become too crowded to handle both?

This is a conflict that will involve you. If not as a passenger of one kind or another, as a taxpayer.

The Federal Aviation Agency already has made clear its position. Starting June 1 scheduled airlines have clear priority over general aviation traffic when weather-caused congestion jams miserably inadequate facilities at New York, Washington and Chicago. The priority ratio averages about 10 to 1.

The agency's position: Commercial airlines operate on schedule; serve more passengers, most of them traveling on business; connect centers of population using only 521 of the nation's more than 10,000 airports and use only 2,000 airplanes.

This may be a meritorious policy. But it's not the end of the argument. It's the beginning.

For the inadequacy of airways and airports that lock up New York and Washington during instrument flying weather will spread across the nation as all classifications of aviation grow.

And this is no argument between the captains of airliners and the pilots of Cubs.

Last year the airlines carried 132 million passengers.

Business planes carried 129 million. They also flew more hours than the airlines.

Company officials traveling in a multimillion dollar corporate jet aren't going to like it when they find the effectiveness of their investment lost be-

cause they are diverted from the airport of their intended destination because of a low priority.

They are likely to make their disappointment known in places where it could have effect.

The possibility that the issue might be resolved on a political basis is suggested by the numbers involved in general aviation and in the cohesion that may be developed among persons who have invested in airplanes, be they rag-wing Cubs or jet-driven luxury liners.

If not the leader, certainly among the leaders in the battle for the rights of general aviation is the Aircraft Owners and Pilots Association. It is raising a war chest to finance the fight.

"Money, that important ingredient that buys you matching exposure on TV, radio and in the newspapers to tell general aviation's story, has to be raised," says J. B. Hartranft Jr., president of AOPA.

"It's time we educated the public to the point that they really understand the importance of privately flown aircraft in relation to the total air transportation system and the economy. The mass transit aircraft has its place in air transportation and so does the private and business aircraft."

The organization's campaign already has drawn blood in what promises to be a bitter battle.

"I earn my living moving people safely from A to B at all hours and in all weather and I resent having to share airspace with amateurs, but I've always tried to give general aviation the benefit of any doubt as to its experience and ability level," wrote an airline pilot to AOPA's publication, *Pilot*.

"Your notices have removed all charity and now I want to see practical logic applied to the numerous potentially dangerous situations created by mixing the boys in with the men."

The discussion will not be one sided.

As they have been for many years the airlines are expertly represented by their own professional staffs, and the staff of the Air Transport Association of America.

The dust raised by the upcoming skirmishes may obscure the actual cause of the difficulty.

That is the abysmal failure of the government agencies involved—federal, state and local, to keep up with the essential need, both in safety of convenience, of America's robustly growing air industry.





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AND THE BOOM GOES ON

Top executives
overwhelmingly
forecast rising
business for balance
of the year

America's top executives are optimists about their '69 business volume by a margin of more than three to one.

Of the 464 executives who took part in the thirtieth NATION'S BUSINESS Outlook Survey, 331 say their own businesses are on the upswing. Only 98 foresee a leveling off in business volume and a mere 24 are worried that a decline will set in. Eleven declined to forecast their volume.

Such bright expectations fly boldly in the face of skyrocketing costs, record high interest rates, unrelenting inflation, heavy taxes, labor demands and international troubles.

Two hundred fifty-one of the executives participating in the largest NATION'S BUSINESS survey yet conducted say prices of their own services and products will have to be higher in the second half of this year. They foresee labor costs soaring at a continuing sharp rate of perhaps 6 per cent.

Why do executives feel so strongly that the second half of 1969 will top the second half of 1968?

"Aggressive selling" will do it, says Robert Stuart, president of National Can Corp. of Chicago.

"Good prospects for expansion of total market prevail. We also are vigorously expanding our total area of market penetration," reports Charles E. Spahr, president of The Standard Oil Co. (Ohio) in Cleveland.

New products are being launched and many look like winners, say scores of business leaders. Among the leaders: W. E. Roberts, president of Ampex, the large electronics firm located in Redwood City, Calif.; Harry B. Henshel, president, Bulova Watch Co., Inc., New York; Carl K. Gieringer, president, Cincinnati Time Recorder, Cincinnati; Clifford H. Smith Jr., general manager, C. P. Clare and Co., Chicago; E. G. Gramman, president, Dynair Electronics, Inc., San Diego and Robert P. Fedder, president, R. P. Fedder Corp., Rochester, N. Y.

New facilities are springing up across the country despite tight money and rising construction costs. This added capacity to produce has

turned hopes for bigger business even higher.

"Our volume will increase as we will have more new plants in production the last half of this year than the previous year," explains R. B. Pamplin, chairman and president of Georgia-Pacific Corp., Portland, Oregon.

Roger P. Sonabend, president of

Hotel Corp. of America, Boston, says that more hotels are being added to his business. This is echoed by William B. Cockroft, president and chairman of United Inns, Inc., of Memphis.

"Increased productive capacity and a shift in product mix to items with greater demand" are reasons for optimism given by Donald K. Evans, vice president of Riegel Textile Corp., New York.

"New facilities and inflation" will send business of Grand Union Co., East Paterson, N. J., higher, estimates President Charles G. Rodman. Grand Union operates a large chain of supermarkets in the East.

The spirit of competition spurs business ahead, too.

Francis P. Lucier, general manager of U. S. operations for The Black and Decker Manufacturing

Reynolds I. Nowell, Equitable Life Assurance Society economist, hopes for at least a 1 per cent reduction in inflation this year.

Robert Stuart, president of National Can Corp., expects his labor costs to go up by 5 per cent but also sees a rise in sales.



PHOTO: JAMES LESTRADE-VIA



PHOTO: G. VESTER-VIA

Co., Towson, Md., expects his power tool company business to increase because of "strong marketing programs and heavy promotion."

Charles H. Kellstadt, chairman and president of General Development Corp., a community developer in Miami, also sees more business. Why? "Better promotion and merchandising."

The relatively few leaders who do not foresee increased business generally blame concern over the Viet Nam War, the stepped up Cold War in Europe and the bite of inflation for either a leveling off or slowdown.

John L. Roper II, president and chief executive officer of Norfolk Shipbuilding and Drydock Corp., Norfolk, Va., thinks the "wars" have locked the United States into a fixed business position. He foresees neither increase nor decline in business volume.

Insurance rates: static

A large number of insurance men responded to the question, "Will prices of your products or services

in the second half of 1969 rise, stay the same or go down, or will some go up and some down?"

The great majority of answers are, "Stay the same." Reasons vary. "We see no good or compelling reasons for changing," explains Reynolds I. Nowell, vice president and economist for Equitable Life Assurance Society of the United States, located in New York.

"Increased volume permits retention of existing price schedules as inflationary trends continue," says Horace Browar, chairman of the executive committee of both Transamerica Corp. and Occidental Life Insurance Co. of California, Los Angeles.

State controls maintain stable conditions at Pennsylvania Millers Mutual Insurance Co., Wilkes-Barre, Pa., says President F. J. Gager.

Price of life insurance written by Connecticut Mutual Life of Hartford will stay the same, according to Charles J. Zimmerman, chairman of the board. The same is true at Standard Insurance Co., Portland, Oregon, according to Gannett E. Cannon, president.

J. M. Sweitzer, president of Employers Insurance of Wausau, in Wausau, Wisc., says he cannot specify what the answer would be because of varying standards of comparison. He explains, "Premium dollars must keep up with losses and expenses. Since exposures are growing and loss-expense dollars are

mounting like everything else, the number of premium dollars will be greater. But we expect to keep markups (which measure the efficiency with which our product is delivered and serviced) the same or lower."

Rising prices for insurance are blamed on "inflation and general insurance loss experiences" by Harry P. Cooper Jr., president of Indiana Farmers Mutual Insurance Co., of Indianapolis.

Lester T. Jones, chairman of AID Insurance Services of Des Moines, says his company is "constantly striving to reduce cost of our insurance through various techniques, and hopes to accomplish something along this line in 1969. Loss experience of fire and casualty companies has been generally unfavorable in recent years—no doubt increases in some coverages will be necessary."

Profit outlook rosy

An improving profit picture is clearly indicated by 236 businessmen who responded to the question, "Will your profits in the second half of 1969 improve, remain the same or decline?"

Another 156 say profits will re-

Scientific progress will continue and costs will be reduced, says John L. Roper of Norfolk Shipbuilding and Drydock Corp.

Inflation is the big problem and it can be controlled by responsible fiscal policies, says Francis P. Lucier of Black and Decker Co.

Continued expansion but at a slower rate is what Charles E. Spahr of Standard Oil Co. (Ohio) sees for the national economy.



AND THE BOOM GOES ON *continued*

main about the same and 59 say their profits will drop off. Thirteen declined to say.

Company spending for capital improvement will increase, say 193 respondents, with another 90 saying capital improvements will decrease and 169 saying the same rate of spending will be maintained.

Labor costs are expected to go 5 per cent higher by 130 leaders while 106 leaders say the rate of increase will be 6 per cent, 48 say 7 per cent, 31 say 8 per cent and 41 say 10 per cent.

Results are nearly exactly even among optimists and pessimists in answer to the question, "In your judgment, will the general economy [as differentiated from their own businesses] for the balance of 1969 rise, level off or decline?"

Two hundred fifteen expect a rise in the general economy, 219 expect a leveling off and only 28 look for a decline. Two men would not express an opinion.

Inflation: What to do?

Diversified thinking shows up in answers to the question, "Attempts are being made to dampen the current rate of inflation (over 4 per cent). What rate should be sought? How can it be achieved?"

Two per cent is the prevailing rate which seems acceptable with 141 businessmen. Another 50 indicate one per cent is as much as should be tolerated and 48 say three per cent is reasonable.

Rodney C. Gott, chairman and president of American Machine and Foundry Co., New York, wants inflation harnessed to "less than three per cent." The way to do it is to put "more pressure on organized labor," he says.

V. J. Buck, president of Moline Construction, Inc., Jamestown, N. D., will not settle for inflation of any kind and says the way to get zero percentage is to "stop deficit spending." We also need to "completely overhaul our tax structure, but it won't be done by a Congress that just took a 41 per cent (personal pay) increase."

Large and small bankers all have things to say about inflation. Here's a sampling:

Walter E. Hoadley, executive vice president, Bank of America, San Francisco: "A short term goal of less than three per cent by the end of 1969 is adequate and a longer term goal of 1.5 to 2 per cent. . . . This can be done by maintain-

ing the current fiscal and monetary policy stance."

W. R. Williams Jr., chairman, Union Dime Savings Bank, New York: "Businessmen do not realize that inflation and the causes thereof are their problem, not just the Federal Reserve Board's and federal government's. Irresponsible demand for money by corporations is our greatest danger today." He calls for "education of business executives to live with full employment federal policy."

John S. Fangboner, chairman, National City Bank, Cleveland:



Horace W. Brower of Occidental Life Insurance Co. believes "a modest amount of inflation is conducive to a healthy economy."

"Inflation should be brought down to a level under 1 per cent. This can be achieved if pay per worker goes up no more than 5 per cent per annum. Inasmuch as average productive improvements approximate 3.25 per cent, this means labor costs per unit of output would rise 1.75 per cent and history suggests prices would follow suit."

James H. Styers, executive vice president, Wachovia Bank and Trust Co., Winston-Salem, N. C.: "Perfection would indicate zero percentage. However, a society such as ours cannot hope to achieve this without politically and sociologically undesirable side effects. On this basis, an annual rate of 2 to 2.5 per cent would seem to be desirable."

Wilson Mothershead, chairman, The Indiana National Bank, Indianapolis: "No given optimum rate of change in price (the assumed reflection of the condition inflation) should necessarily be sought, for rates of change will vary with given circumstances. For example, it is not inconceivable (albeit improbable) that prices could trend downward under a condition of 'no inflation' as greater efficiencies in output were achieved. Avoidance of excesses, particularly in credit and money, is a means to an end."

Eugene C. Zorn Jr., senior vice president and economist, Republic National Bank of Dallas, says the inflation rate should be: "Zero. The objective of public policy should be price stability and not merely a reduction in the rate of price advance. As long as the conviction persists that some degree of price inflation will continue, investment and spending decisions are bound to take such inflation into account. With a compounding effect over a period of time, distortions between supply and demand will rise."

A. C. Girard, chairman, Community National Bank of Pontiac, Mich.: "Price and labor cost freeze" can help fight inflation.

Edward J. Frey, president, Union Bank and Trust Co., Grand Rapids, Mich.: "Inflation is one question and money supply another. We can have more dollars to match the increase in gross national product and still keep inflation about 4 per cent."

Elmer Winter, president, Manpower, Inc., the temporary employee service of Milwaukee: "While I am in favor of taking measures to curb inflation, I would urge that no steps be taken which would increase unemployment in this country. Substantial layoffs which would result in from 4 to 5 per cent unemployment would seriously affect members of minority groups who have been the last to be hired."

Thomas V. Markle, president, Beverly Bank, Chicago: "The rate should gradually be reduced to zero per cent again by monetary restraint and fiscal responsibility."

H. R. Hansen, president, Southern Oregon State Bank, Grants Pass, Ore., looks for a 1 to 2 per cent inflationary rate "or less."

The next four years

A question which brought considerable discussion asked what

course business leaders expect the American economy to take in the next four years under the Nixon Administration.

John E. Griffin, president, Lewis Drug Stores, Sioux Falls, S. D., says, "I expect more stability, less gung ho, let's go, damn the costs. I would hope that we could look forward to a period of price stability and less defense spending."

E. W. Carter, president of the Los Angeles based chain of stores, Broadway-Hale, expects the economy to "be buoyant."

Chester M. Brown, director of Allied Chemical Corp. of New York, sees more stability.

E. B. Sydnor Jr., president, Southern Department Stores, Richmond, Va., is hopeful for "sounder but less frantic expansion and growth."

"A slight cooling off, less tightness of money followed by continuing prosperity," is the opinion expressed by Paul M. Schlem, chairman of Gold Seal Vineyards, Inc., New York.

James D. Edgett, chairman, North American Van Lines, Ft. Wayne, Ind., sees some leveling off in the economy.

Collier Wenderoth Jr., president, O.K. Feed Mills, Inc., Ft. Smith, Ark., is hopeful for a "more conservative" economy but expects it will be difficult "to change a course that was charted by the previous Administration."

Two railroaders have this outlook:

J. W. Barriger, president, Missouri-Kansas-Texas Railroad, of Dallas, believes we will "exert the sovereignty of the U.S.A. to bring order within this country and to the world."

Ernest S. Marsh, chairman, Santa Fe Railway Co., Chicago, expects "a somewhat slower rate of growth resulting from inherited monetary and fiscal policies and rising costs."

Business' greatest problems

Of all problems that are facing U. S. business today, which are greatest?

This question produced a number of answers saying simply, "Inflation."

Other answers:

"Labor. I hope it will improve," says Ernest Koury, president, Carolina Hosiery Mills, Burlington, N. C.

"Labor costs," says S. S. Greeley,

executive vice president, Masonite Corp., Chicago.

Chris Hammond Jr., Great Dane Trailers, Inc., Savannah, Ga., explains that increasing costs are "brought about by three, four and five-year labor contracts with built in inflation in the form of guaranteed increases."

"Governmental spending causing increased cost of doing business through inflation; government controls over private business," are cited by Thomas M. Battle, vice president, Britling Cafeterias, Birmingham, Ala.



What's America's biggest problem? "Excessive power of unions," says Arthur R. Butler of Detroit's Welding and Equipment Supply Co.

"The strength of labor unions," says E. S. Berg, president, Bucyrus-Erie of South Milwaukee.

"High taxes and high interest rates which adversely affect cash flow and cost of capital improvement. The situation will get worse. The only way to reverse the trend is to accept higher unemployment levels," says Gregory W. Mandeville, director of marketing, The Carborundum Co., Niagara Falls, N. Y.

The waves of the future

When businessmen look into the future, what do they see in the way of new or different trends, or new services and products?

"More government involvement

in advertising and safety," according to Pitt B. Harris, manager for planning and market research for Bibb Manufacturing Co., the Macon, Ga., textile firm.

"More automation, more leisure time, more easy care fabrics," says R. P. Timmerman, president of Graniteville Textiles, Graniteville, S. C.

"More manufactured homes and, in particular, apartments," forecasts Ralph C. Lester, president, Nationwide Homes, Inc., Collinsville, Va.

"More packaged housing, greater degree of regimentation as population grows and becomes urbanized, better communications equipment and coordinated transportation," says J. H. Fles, president, Associated Truck Lines, Inc., Grand Rapids.

"Increased services and increased foreign competition"—C. G. McVay, president, Monongahela Power Co., Fairmont, W. Va.

"Greater stress on product quality. In addition emphasis on beauty and pollution abatement"—Donald L. Stokley, secretary-treasurer, Wisconsin Power and Light Co., Madison.

"More sophisticated computer applications. More automation of manufacturing processes. Lighter and more sophisticated materials used for fabricating"—J. W. Heiney, president, Indiana Gas Co., Inc., Indianapolis.

"I hope we can encourage through government and industry a program to help individuals help themselves," says Fred C. Kilgore, president, Excell Manufacturing Co., Providence, R. I.

"Inexpensive compact American cars, more data processing, control of cancer, more rights for individuals at the expense of the majority," says Harold Hafner, vice president, Monarch Steel Products Co., Oakland, Calif.

"More advanced electronics, more activity in mass transportation, more comprehensive handling in air traffic control, outstanding innovations in the welding industry," predicts Arthur R. Butler, president, Welding Equipment and Supply Co., Detroit.

"More and more automation of manufacturing, paperwork and services. Earlier retirements, longer vacations and shorter work weeks will force getting the job done with less people," concludes E. J. Moore, Detroit Ball Bearing Co., Detroit.

END



A REPLACEMENT FOR THE INCOME TAX?

Long-range reform could well bring to us
a tax concept that's all the rage in Europe

While politicians, economists and lobbyists argue the fine points of current tax revision proposals, long-range planners are cogitating over a plan with vastly more impact for the future.

It is called the "value added tax." As a potential revenue provider, it ultimately could supplant at least a part of business income taxes.

To get full understanding of this little-known tax concept—which already is in vogue in Europe—NATION'S BUSINESS turned to Dan Throop Smith, professor of finance at Harvard's Graduate School of Business Administration, lecturer on finance at the Stanford Graduate School of Business Administration and deputy to the Secretary of the Treasury during the Eisenhower Administration.

Prof. Smith has written, spoken and thought at great

length about value added taxation. In the following interview, he discusses the tax—what it is, whom it would affect, why, when, where it came from, how it might replace some existing taxes and what its impact would be on international trade.

Prof. Smith, what is the value added tax and how would it work?

It is simply a tax on the amount of money a company takes in from sales and services minus the money the company spent for all the goods that went into making the company's product, or providing the company's service.

For example, a necktie manufacturer spends \$10 million for materials, threads, sewing machines, and other supplies and equipment it uses in turning out neckties. The ties then sell for \$15 million. This means \$5 million was added in value to the ties and this \$5 million is the amount on which the company would be taxed. It would not be taxed on the \$10 million it spent and the company would not be giv-

ing a tax deduction for salaries paid to workers. Of course we don't know exactly what kind of value added tax we might have some day. Some value added tax plans call for depreciating equipment, such as those sewing machines, over several years.

What sort of tax rate would be applied?

The rate would, of course, depend on how much money the federal government wanted to raise.

Our gross national product is about \$885 billion. Of this, \$500 to \$600 billion is added by private American enterprises to the value of all the materials and equipment that went into making their products and providing their services.

Now, if the federal government put a 1 per cent value added tax on that \$500 to \$600 billion the tax would produce between \$5 and \$6 billion in revenue.

In your opinion, what percentages might be feasible if we get this tax?

The tax should be introduced at quite a low rate: 1 or 2 per cent.

I would suppose that, ultimately,

Mr. Smith





Value added by, say, a necktie manufacturer is the amount of money the ties sell for less the amount of the manufacturer's costs.

we might have a value added tax of 5 or 6 per cent, perhaps eventually as high as 10 per cent, depending on total revenue needs. This would produce \$50 to \$60 billion in revenue and enormous cuts could then be made in corporation and personal income taxes. Those taxes are too high now and they should be reduced immediately.

Which generates money faster—value added or income taxes?

Value added taxes generally produce money at a five to one ratio over income taxes. This varies, of course, between various types of corporations. It depends on how broadly the tax is applied.

Is value added tax an advantage or disadvantage for business, and why?

One cannot make a sweeping generalization; but as compared to income tax, I think it has a very great advantage not only for business but for the country.

The corporation income tax falls only on producers who are efficient enough to make a profit. One might

well say the corporation income tax penalizes efficiency because companies that lose money pay no income tax.

In more general terms, corporation income tax penalizes companies that use extensive capital as compared with those that use extensive labor. This seems not to be in the national interest because, as we all know, the justification for higher wages is based on increasing productivity, and increasing productivity requires more intensive use of capital.

Actually, it's impossible at this time to tell what the effects of value added taxation would be on various kinds of businesses. Some would be affected more than others. Some may feel they are hurt while others feel they are helped.

If we could start laying out our nation's tax structure from scratch, wouldn't we prefer a tax that applies to all businesses and is neutral with respect to the type of resources—money or manpower—that they use?

I think, if we had a clean slate,

we would pretty generally agree it would be better to have the cost of doing any business taxed. And the tax should be spread, without discrimination, between companies that use a lot of capital and companies that use a lot of labor, or between those that rely on equity capital (money belonging to the company) as compared with those that rely on borrowed funds.

How would retail and research businesses be affected by value added?

As regards retailers the tax base would simply consist of the money collected from sales minus the money a store spent for purchase of goods to sell, and for equipment. Retail margins frequently are very small and the net tax due would be quite small.

For research activity, the tax base would again be the sale price of the services less purchases that had been made to carry out research activity. Purchases would, of course, include such things as computers.

How would banks be affected?

The simplest way in computing the tax base would be to allow a deduction for interest paid along with money spent for supplies and equipment.

What about accountants, lawyers, writers and service people who pay little for equipment?

At some point a line must be drawn between purely personal activities and the carrying on of a business. Some people believe it would be preferable to have the value added tax applied only to corporations. There is a good deal to be said for that in terms of simplicity and probably in terms of political acceptability.

My own feeling would be that it would be quite appropriate to extend the value added tax to an accounting firm or to a firm of lawyers.

What about large companies that make no profits?

There is no question but that they would be subject to a tax on the value they add to the products they produce whether or not they make a profit. In the minds of some people, this is an objection to the value added tax, but the alternative is a higher tax on net income.

The question is how far one wants to hold an "umbrella" over inefficient producers. I do not believe we can in the long run continue to subsidize the inefficient producers by placing tax burdens, as we do, on

the net incomes of efficient producers.

Since efficient producers generate a profit they are required to pay a share of the cost of government. Inefficient producers which presumably do not make a profit do not pay anything for the cost of government.

Can value added tax ever fully replace corporation income taxes?

Many of us believe the value added tax should replace part of the corporation income tax. I do not believe it should replace the income tax entirely because there would be a problem of tax fairness. If dividends are, as they inevitably will be, subject to tax in the hands of individuals and there is no tax on the money a company earns but keeps for itself, then there will be a great premium on keeping corporate profits and not paying dividends to stockholders.

My own feeling is that ideally, over a period of time, the value added tax should replace perhaps half the present corporation tax rate, bringing the corporation tax rate down to, say, roughly 25 per cent instead of the 50 per cent of today.

Wouldn't this force an inordinate amount of bookkeeping on small companies, since they'd be dealing with two tax structures?

This charge is often made. I think it is not well founded. In a sense, a value added tax is like an income tax, though with fewer deductions. Any company already paying an income tax would not find a value added tax a significant additional complication. I have checked this out with acquaintances both in business and government in Europe, where the value added tax is already being used, and they assure me this is correct.

The only complication would come if we had a variety of rates for value added taxes. Hopefully, the value added tax would be adopted at a single rate.

Personally, I think the country would have been a great deal better off with the value added tax instead of the present 10 per cent income tax surcharge.

If it is possible to reduce the amount of money the federal government needs, then I would suppose the value added tax might supplant some part of the corporation income tax and, probably, also some part of the individual income tax.

If we should need more federal revenue than we now get from our existing system, a value added tax would do less damage than an increase in income tax rates.

There are those who argue the income tax is the best tax. I don't think any tax is good. I am inclined to say the least bad is the best. But income taxes at rates anything like what we now have must inevitably produce many distortions. I know we must have very high federal revenues for a long time to come and it would seem better to have a variety of taxes with not very high rates rather than a single tax with very high rates.

How can value added tax apply to the individual income tax?

It would apply to partnerships and proprietorships as money-making institutions and to individuals only in their capacities as businessmen.

It might be deemed appropriate to reduce both the individual and the corporate levies at the time a value added tax was adopted. This would be fair, and good politics.

Some people propose that the value added tax, if adopted, should also be used as a partial or even a complete substitute for payroll taxes, such as social security. On straight economic grounds, I think there is a good deal to be said for that, but this would mean we would drop the contributory principle in the social security system which many people, including myself, approve of.

You obviously feel basic changes are necessary in our tax structure.

Yes.

How would you rate value added tax among the various tax reforms which people are now talking about?

I would place the adoption high among my own priorities. Our rates go much too high on individual income taxes. Those higher rates produce very little revenue, and I would put a reduction in the top brackets at the very top of my list of tax reforms.

And, there must of course be new rules to prevent the tax shenanigans which are now available in various real estate and oil deals and other sorts of transactions which create artificial deductions and offset taxable income.

Believing as I do that the corporation income tax is generally reflected in higher prices, I think we have placed our workers and big

companies at a serious disadvantage in international trade. Why? The money corporations pay in income tax cannot, under existing trade agreements with foreign countries, be handed back to the company in rebates as company products go into international trade. Meanwhile, France and Germany return to their exporters the money they paid in value added taxes on the goods going into international trade.

Why is value added tax more discussed now than heretofore?

It is being adopted as a principal source of taxation in the Common Market. It will be used throughout the Market next year. It was first developed in France. Germany adopted it last year.

The next point is that, with value added tax, the European countries legally give their exporters tax rebates and in addition impose a tax equal to their own value added tax on all American products going into those countries. This places American business and labor at a disadvantage not only in foreign trade but in competing with imports into the United States. If we had a value added tax we could rebate it to our exporters to let them compete fairly with European producers within Europe, and we would be able to impose a tax on imports from other countries equal to the tax imposed on American business here.

Increasingly, economists have come to appreciate the fact that the corporation income tax is an element of cost. In one way or another, it will be reflected in prices sooner or later, but the extent of its effect on prices is very difficult to measure. It varies so much from company to company and from industry to industry. Even if international agreements permitted a rebate for direct tax such as an income tax, it would be very difficult to select any particular figure that could be defended as an appropriate amount for rebating on our exports, or imposing on imports into this country.

Will other countries outside the Common Market begin applying value added taxes?

There is a good deal of discussion about it in Sweden and Norway. A high-level committee is considering the tax in Britain. I hear it is likely to be adopted there.

The tax as used in Europe has commonly been a substitute for one

form or another of excise taxes. Other countries rely on such indirect taxation much more than we do here. The value added tax in France and Germany was adopted as a standard method of applying indirect taxation. They did not reduce their corporation income tax.

In Britain, present discussion involves a possibility of substituting the value added tax for part of their corporation income tax.

How will U. S. exports be affected when the Common Market and other nations apply the tax?

Countries which have a value added tax impose a special tax, called a "border tax," on all imports from the United States and other countries equal to the amount of the domestic value added tax. The theory is, of course, that producers within the country are subject to this tax and it would be unfair to let imports go into those countries, including those from the United States, without imposing a comparable tax. As the European countries rely increasingly on value added taxes, our exports increasingly are subject to this new tax barrier.

What are the drawbacks?

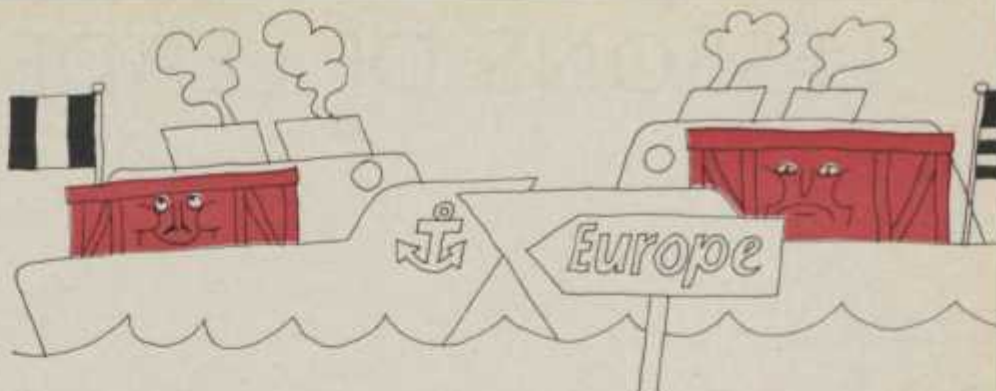
The principal drawback in the minds of some people is that the adoption of a value added tax would shift the burden of tax from corporations to the general public. This arises because there is inadequate recognition that the corporation income tax is generally passed on to the public in the form of higher prices.

Opposition to a value added tax comes from those who still believe the corporation income tax is paid by the corporation and the stockholders. To the extent that this is true, a partial substitution of the value added tax for corporation income taxes would shift the burden to the general mass of consumers and, to that extent, would be unfair. Even so, however, there would be ways of giving credits for value added tax burden on very low-income people, either by credits against the individual income tax or in other ways.

What chances do you think there are of a value added tax being enacted?

Oh, my crystal ball is cloudy, but I think chances are sufficiently great to justify thought about working out the proper sort of details.

One reason for a change is the system of border taxes in Europe as



Some European nations already use their value added tax as a spur for increasing exports and for penalizing imports from the U. S.

it applies to European exports to the United States, and the difficulty of American producers in overcoming border tax hurdles in Europe.

American businessmen are increasingly worried that many of their supposed advantages of the Kennedy Round tariff reductions have been nullified—and many more are being nullified by such new levies as a "sanitary tax" which Italy imposes on some American products.

I believe many people in American labor unions who have been unsympathetic to value added taxes are becoming impressed with the tax as they see duties disappear under Kennedy Round arrangements but all sorts of new taxes being imposed in their places.

Where does opposition to value added taxation center?

Principal objections come from unions which still believe corporation income taxes are paid by corporations and not reflected in prices charged the public.

I am impressed by the fact that in many European countries where unions are even stronger politically than they are here, representative union members are so concerned with maintaining jobs in international competition that they appreciate the importance of a tax system that does not penalize domestic production for export, or prevent imposition of taxes to save jobs for local production of items for local consumption.

Has anything new given added impetus to a consideration of value added tax in the last few months?

Yes. It's complicated, but actually some of these new border taxes are now being used as a sort of substitute for variations in international monetary exchange rates.

When the French franc had a crisis last year the Germans changed their border tax to encourage imports and to discourage exports. This is the opposite of what nations usually do and the move was designed to help the franc without having to upvalue the German mark.

The move came about without changing the domestic value added tax rate.

This is a departure which may hold great promise for the future.

It can be appealing to those of us who believe devaluation or revaluation of a currency is an act that should not be undertaken except in extreme situations. The opportunity to change border taxes as a way to get a form of revaluation or devaluation on trade accounts is attractive.

This is likely to become a mechanism used in the world's monetary system over the next few years and a country that does not have a system of border taxes will be at a disadvantage.

Until the recent German action, each country imposed a border tax on imports equal to the domestic level of the value added tax and gave a rebate on exports at the same rate. Germany decreased its export rebates and its import taxes by four per cent. This was, as I said, similar to revaluation of the German mark.

Even a 1 per cent value added tax, though it might have relatively minor revenue significance and does not permit much change in other tax rates, could be of great importance to the United States.

This is true because it would provide a basis for a system of border taxes which is likely to be used increasingly in our developing international trade and monetary system.

END

ORGANIZING WITH CONFIDENCE

A talk with Gen. Omar Bradley, chairman of Bulova Watch, who stresses confidence to draw out the best of his people's talents

In 1940, with war enveloping Europe, the nucleus of what was to become the greatest army of liberation in history was being trained in the steaming, snake-infested swamps of Louisiana.

Men like Dwight Eisenhower, Omar Bradley and George Patton, whose reputations would soon be forged on the battlefields of North Africa and Europe, were handed the job of creating a battle-ready fighting force out of thousands of raw recruits pouring into the training area.

One day, Gen. Bradley called in an aide and ordered nighttime forced marches for the green troops. They would be in stages. Five miles, then 10 and finally 25. Bradley issued instructions that he wanted to take part in a 25 mile march.

Some time later, in the dark of night, Bradley fell in with his troops. He eased his way into the ranks. There was much grousing and complaining. A GI bellowed, "I'd like to get my hands on the s.o.b. who thought this one up."

A soft Missouri voice came out of the darkness. "Yup. He ought to be hanged."

It was a long time before the marchers learned that voice belonged to Bradley.

Omar Nelson Bradley was a soldier's soldier. Always firm, always fair. He had a feel and a feeling for the enlisted man and his junior officers.

In the final sweep across Europe in World War II Gen. Bradley commanded more than 1.3 million combat troops, the largest body of

American soldiers ever to serve under one field commander.

Three weeks after V-E Day, Gen. Bradley was drafted by President Truman to head the Veterans Administration during the critical post-war demobilization of American forces. In 1948, he succeeded Gen. Eisenhower as Chief of Staff of the Army. In August, 1949, Gen. Bradley was sworn in as the first chairman of the Joint Chiefs of Staff, and served for two successive terms. He and Eisenhower are the only two surviving five star generals.

Today, Gen. Bradley is chairman of the Bulova Watch Co., Inc., a role he assumed in 1958. In this interview with a NATION'S BUSINESS editor the 76-year-old war hero relates some of the highlights of his brilliant military career and the or-





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ORGANIZING WITH CONFIDENCE *continued*

ganizational changes that have occurred at Bulova.

General, How did you happen to become associated with Bulova?

I will have to go back a little. Arde Bulova's brother-in-law, Col. Harry D. Henshel, was on my Twelfth Army Group staff overseas. I met Mr. Bulova through him. Mr. Bulova came to Europe right after the war, and came to see his brother-in-law.

When I got back to this country I went with the Veterans Administration and Mr. Bulova set up one

ty and arming devices as well as other vital defense items.

The watch industry is well suited for manufacturing these fuse devices?

Yes, because all fusing devices are really timers. We went from there and developed a lot of things for the military services.

I stayed on as chairman of Bulova research and development labs until 1958, and when Mr. Bulova died I was invited to become chairman of the board for Bulova Watch Co.



Harry B. Henshel, president of Bulova Watch, and Gen. Bradley look at mock-up of a bio satellite which carries Bulova Accutron watch for highly precise time-keeping.

of the best rehabilitation schools we had—the tuition-free Joseph Bulova School of Watchmaking, named after his father. His idea was to train those people who had suffered at least 70 per cent disability.

I used to hold the school up as an example of what industry could do to help rehabilitate disabled veterans. I visited the school several times, and I sent people there. Since then I have become chairman of the board of trustees of this world-renowned rehabilitation center.

In 1953 when I was getting ready to leave the Pentagon after serving four years as chairman of the Joint Chiefs, I was asked to become chairman of the Bulova Research and Development Laboratories, which was a wholly owned subsidiary of Bulova Watch Co.

These labs were doing important research, particularly on fuses, safe-

When you became chairman, there was a major overhaul of the company, was there not?

Yes. Mr. Bulova had built the watch company as we know it now really from the ground up. Joseph Bulova, his father, started out as a jeweler with one store. But it was the son, Arde, who was really an artist and genius in the watch business. He conceived and expanded the company.

Bulova bought a factory in Switzerland so we could make our own watches and maintain our own standards and quality control. Arde Bulova never stopped even to draw up a table of organization.

Everybody came to him for a decision. The vice presidents, salesmen, everybody. And he was capable of making decisions.

Well, of course, when he became

ill—he was sick a year or two, before he died in 1958 at age 69—things just sort of stopped going.

Was the company floundering at this period?

Not particularly, but they weren't making much progress.

Right after the Korean War, while the watch business as a whole was prospering, Bulova went downhill because people were going to the pin-lever Timex-type watch.

The first thing we had to do was reorganize. That was in 1958. As soon as I became chairman, I organized a committee of three directors—myself, Thomas Morgan and Mrs. Lore Sandoz.

The three of us got an outside firm to help dig into the minutia of detail you have to do before you finally get moving. We drew up a table of organization and prescribed duties for everybody—the principal duties.

Did you draw upon your military background, General?

Quite a bit. The military has to have organization. I am a very strong believer in the proper organizational structure because it keeps too much power from getting into the wrong hands.

Everybody knows what they are supposed to do, what their colleague is supposed to do, and they know their responsibilities. We couldn't function in the Army without good organization.

During the reorganization at Bulova did you bring new people in from the outside?

Some. But we found most of them right in our organization. They had been there all the time for the most part and their talents were now utilized to the maximum.

So you actually had to develop a new management concept or at least create a management concept that didn't exist?

That's right. The president of the company, John H. Ballard at that time, had been with the company for about 50 years. He rose from messenger boy to president and was due to retire. We extended his service one year beyond retirement so he could help in the transition. When he retired we



PHOTO: KEVE GABRIEL—BLACK STAR

In his Beverly Hills, Calif., home Gen. Bradley is surrounded by numerous mementoes of his illustrious careers in the armed services, government and private business.

ORGANIZING WITH CONFIDENCE *continued*

made Harry Bulova Henshel president and chief executive officer.

Mr. Henshel was a nephew of Mr. Bulova?

Yes. He knew the watch business. He grew up with the watch company.

General, you have always had a great knack for picking talent. What do you look for in a man or an individual when you want to assign him to a job as you do in, say, Bulova—and as you did in your illustrious career in the army?

He has to know his business. That wasn't too difficult in the army because of all the information we have on file on every individual. I'll give you an example. At Ft. Benning in

1924 or 1925 everybody knew there were three young captains in the class who were outstanding. They were Collins, Ridgway and Clark—just young captains, but they were all singled out, and they all became four star generals.

But you don't have such information available in civilian occupations. Nevertheless, you look for a man who has leadership and many other qualities.

Is there one characteristic that stands out more than others?

Not really. A man must know his business.

He must have mental and physical energy. You never hear of a lazy man getting very far.

He must have character.

He must have the courage of his convictions. He must have human understanding and consideration for others.

Usually leaders have all of these qualities, but an exceptional military leader has one or more of these qualities to an outstanding degree.

General, obviously you always have been very firm, but you have the reputation of never yelling at anybody.

That's true. Any time you have to raise your voice you are showing weakness.

I think it was very well stated by Gen. Von Steuben in our Revolutionary War. He came over from Germany to assist us, and he wrote back to Germany, "In Germany

they tell our soldiers what to do, and they do it; over here we tell our soldiers why they should do something, and they do it."

General, how do you make decisions today in private industry as opposed to how you did in the Army?

Well, there is not much difference. You weigh the problem and first ask yourself what solutions there are, what are the pro's and con's of each solution, and then finally say, well, this one is the best. We have a lot of that, of course, in the military. Every decision we make has to go through that process, particularly in combat.

In your present role or in your former role in the military how did you and how do you motivate people?

By encouraging them, by showing them you are interested in them and their work.

I understand when you are visiting Bulova's plants you sometimes will stand aside and let six or eight carloads go by before you get in an elevator?

Well, sometimes the employees are in a hurry, and they have a limited time to eat lunch, and if it happens to be lunch hour, I give them priority.

General, apparently you always are polite and never get rattled. Wasn't there an incident in Sicily when you were having an important briefing and one of your aides' guns went off? What did you tell him?

I was talking to some prisoners we had just captured. My aide was quite nervous. He was walking along behind me, when all of a sudden he pulled the trigger and it went off in the air. I turned to him and said, "Damn it, be more careful of that gun, please."

I gather one of the great moments in your military career must have occurred in Tunisia when you captured over 40,000 Germans?

It was one of the greatest thrills I ever had, going up the road that morning and meeting all these German prisoners coming into our prisoner of war cages, 40,000 of them.

We had been fighting up and down those valleys, and if you got a dozen Germans in a day that was a big day; and then all of a sudden we got back in there and made them all surrender.

Of course, the entire Sicilian operation was very satisfying. Somebody asked me how long it would take, and I said about six weeks. It took 38 days.

General, you had a reputation of always moving too close to the fighting. Were you not cautioned about this?

Gen. George Marshall was the only one who ever spoke to me about that. I flew him in some bad weather once and later apologized to him. He told me, "This is just one time for me, but you shouldn't take so many chances."

And I said, "General, the men take their chances getting shot at up at the front line, and I have to take my chances going around to visit them."

General, you and Mrs. Bradley were in Viet Nam in 1967. Is it true she wrote over 1,000 letters to families of GI's you talked with?

Yes. Mrs. Bradley made notes as she talked to our troops and when we came home she wrote individual letters to each of their families.

But you made sure each boy was all right before sending a letter?

That's right. We would get a day's group of letters ready and send them to the Pentagon to have them all checked out through the casualty department.

General, do you think today's soldier is any different from the men who served under you in two wars?

I think he is better educated as a whole and, of course, our training methods are improving all the time.

What do you think of today's generation? Are you discouraged, or do you have hope?

I think the majority of the present generation is fine. I believe this small minority, some 2 or 3 per cent, that is raising so much furor is very definitely a minority, and I hope it stays that way.

General, at what point did you decide

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you wanted a military career? Can you pinpoint a time or incident?

Yes. I have always admired the military, even when I was six or seven years old.

You see, in Missouri in the wintertime, because of the severe weather, you can't go out much, so I used to get down on the rug and play battle, primarily between the British and Americans, because I read a good deal about the Revolutionary War.

Of course, the Americans always won.

My father died when I was 14 and left us very little, and my mother took in roomers, and added to our income by sewing.

When I was graduated from high school, I went to work in the railroad yard. One day the Sunday school superintendent who ran the Christian Endeavor Society I belonged to talked to me about going to school. I couldn't make up my mind whether to take a business course or a law course at the University of Missouri.

He suggested, "Why don't you go to West Point?"

And I replied, "I couldn't afford it."

"It doesn't cost you anything," he explained. "You get paid while going there."

"That's for me!" I exclaimed.

So, I sat down and wrote a long-hand letter to my Congressman, and I received a reply that there were no vacancies.

Several months later I received a telegram saying that I had been appointed as an alternate and to report to Jefferson Barracks in St. Louis for the entrance exam to West Point.

I had been out of school for a year, and hadn't had any geometry for three years. I had eight days in which to prepare for this examination. Moreover, I found out the boy who was the principal appointee had been going to prep school for a year.

I studied at night and worked at the railroad yard for nine hours every day. Finally, I went down to see the school superintendent and explained I felt I couldn't make it in this short time; and he recommended that I take the examination for the experience, as it was only 159 miles to St. Louis. I decided

that my chances of passing the exam were so slim that I couldn't in all good conscience waste the money required for railroad fare. However, because I worked for the railroad I was given a pass to St. Louis. I went and took the examination at Jefferson Barracks.

The principal appointee failed, and in August, 1911, I was appointed to West Point.

General, whom do you consider the greatest military man in history, and have you tried to emulate him?

Gen. Marshall. I think he is the greatest man we have produced in any capacity in the last 100 years.

He had vision. He had imagination. He could foresee the results of various acts.

I am convinced he saved us at least a year in our preparation for the invasion of France during World War II.

In your dealings with people both in the military and today in business, is it discouraging when you are let down, when you have put a lot of stock and hope in a man and he didn't quite develop the way you wanted him to?

Of course, you make mistakes at times. Sometimes a man doesn't

turn out quite as well as you had hoped, but it usually doesn't take too long to discover that before he can do any great damage. A man might make an error once in a while which you could overlook and let him profit by that error, but when a man proves without question that he is not capable of handling a certain job, he should be removed at once.

Have you had to do this in wartime?

Yes. I have had to relieve some senior commanders.

Were the men you had to relieve in the field bitter toward you?

Of all the senior officers I relieved every one agreed with me that I had reason to relieve them except one.

The day after he was relieved this officer came back to my headquarters and had a sack of letters he had gathered from burgomasters from towns throughout France, and I told him, "If there was ever a doubt in my mind about relieving you, there is none now because you didn't have confidence in yourself or you would not have gone to the trouble of collecting letters to prove your worth."

The men won't have confidence in



Gen. Bradley picks himself out in West Point graduation class which produced another famous soldier, Gen. Eisenhower.

a leader who doesn't have confidence in himself.

General, what have been some of the major changes at Bulova in the 10 years since the current management succeeded to control?

In the first place, it was completely reorganized. We arranged our operations so that everyone knew their duties and their responsibilities and we filled vacant positions as necessary.

I told you earlier that we ran into competition with the low priced Timex-type watch in 1954 to 1958. We had to get into that market. So we introduced Caravelle watches containing jewel-lever movements—not pin-lever—which start at \$10.95 and go up to \$49.95 for a transistor model.

Our line of Bulova watches used to run from \$24.95 up but we eliminated the \$24.95 version because there was no profit margin on it. Now Bulova watches start at \$35 retail. At that time our more expensive watches were those set with diamonds on the case and bracelet. What we really needed was a significantly better quality product in the upper-price category. Late in 1960 we introduced the Accutron timepiece, which operates on the tuning-fork principle. It effectively met this need. So now we really have three groups of watches, the Caravelle in the lower-price range, the Bulova brand in the middle-price range and Accutron timepieces in the upper-price range.

The Accutron has an application in our space explorations, does it not?

Yes. Our Gemini astronauts had our Bulova Accutron clock on the instrument panel of their capsule. Moreover, there are Bulova Accutron timers on unmanned satellites. They have been used in many space missions including the Lunar Orbiter vehicles which have surveyed potential manned-landing sites on the moon for our Apollo astronauts. Our timers either turn off the radio transmitters on a prearranged schedule or switch transmissions from one experiment to another. Our Accutron master timer is incorporated in the instrument package to be placed on the moon by the first U.S. astronauts to get there.

The National Aeronautics and

Space Administration came to us in 1958 and said they had to have a timer based on our Accutron tuning fork movement. We advised them that we hadn't put it on the market as yet. However, to meet our government's need we accelerated our program and turned out a timer—a two and one-half inch cube—that weighed only eight ounces and satisfactorily accomplished what had previously been done by 32 pounds of radio equipment in satellites.

Without the Accutron timer our satellites would send out signals indefinitely, and in time every broadcasting wave length in space would be occupied.

Does Bulova operate now both domestically and abroad?

We are now worldwide and sell watches in 119 markets abroad. We make our Bulova movements both in Switzerland, where we now operate four plants, and in the United States.

Bulova has an experimental atomic clock, but when will we have an atomic wristwatch?

That is difficult to predict. You can put the energy in a watch all right, but all the mechanism now in this huge atomic clock will have to be reduced a great deal.

General, what makes Bulova tick?

It hums as well as ticks. Our Accutron timepieces hum with happiness.

Basically, we had a good start. We are the largest watch company in the United States. We produce more jeweled-lever watches in Switzerland than any other company.

I think we have a good organization. People have confidence in the Bulova name. This past fiscal quarter we posted the highest sales and earnings for any quarter in our 95-year history. I think our future is just beginning. **END**

REPRINTS of "Lessons of Leadership: Part XLVII—Organizing With Confidence" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

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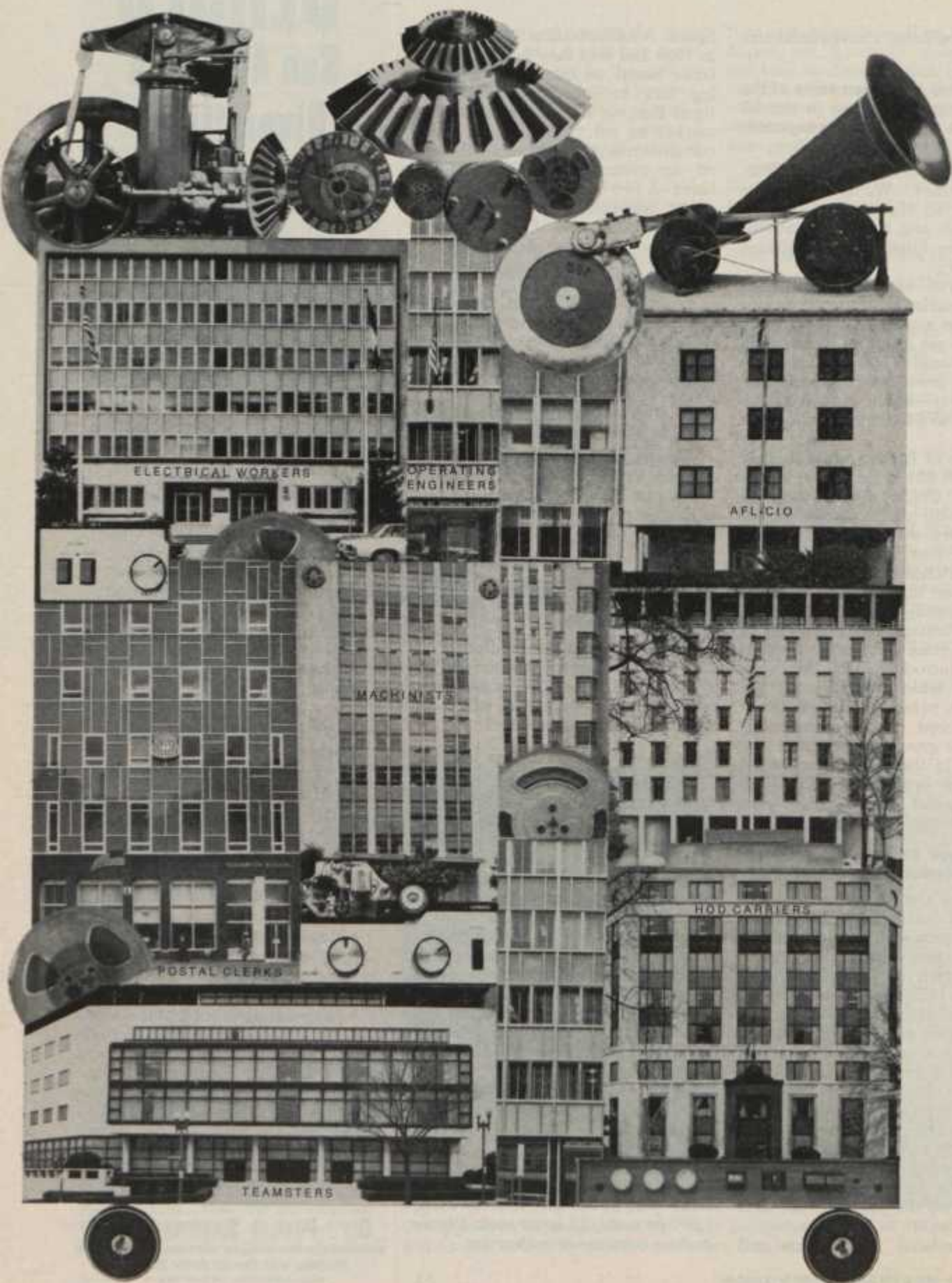
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THE



UNION LOBBYING MACHINE



I. How it gets that extra mileage

For the past 35 years the expansion of labor union power has been spearheaded by the unions' well-heeled lobbying juggernaut.

Associate Editor Walter Wingo has spent months studying the union lobbying machine and how it works. NATION'S BUSINESS presents here the first of two articles by Mr. Wingo describing union lobbying techniques, how the lobbies have grown, the lobbyists themselves and their latest goals on Capitol Hill, in state houses and in city halls.

A medical scientist walked out of a Congressional hearing room shaking his head in amazement. He had just had a taste of the labor union lobbying power that pervades the nation's capital.

Dr. Edgar L. Dessen had been called to Washington to give a report in his capacity as vice chairman of the American College of Radiology in Chicago. The Congressmen were holding hearings on a union-backed bill to force businesses to adopt radiation detection systems.

Dr. Dessen told the Congressmen of findings by many radiologists demonstrating that the system proposed by the unions was "completely wrong scientifically." But, Dr. Dessen says, he might just as well have stayed at home.

The Congressmen seemed deaf to his testimony.

Dr. Dessen says they seemed de-

termined to support the unions no matter what.

"I was appalled at the influence that uninformed organized labor has on our national scientific endeavors," he recalls.

His frustrations have been shared by many in other fields, particularly in business, when they clash with what the unions persist in calling "the people's lobby."

In the words of AFL-CIO President George Meany: "We spend a great deal of our time and a great deal of our resources in pushing for legislation. And practically all of the legislation that we have been successful in putting on the statute books is for the benefit of all the people of America, not just our membership."

It is in the name of all the people that unionists try to justify the activities of one of the biggest, most expensive, most powerful and at times most vicious political devices, the union lobbying machine.

The union lobby is a complicated mechanism. It has many arms and cams. Some work independently. Some mesh with lobbying efforts of non-union groups. The machine functions in many ways with lines extending to many corners of the land—and even to ports in the Far East.

Union lobbying today encompasses much more than the bribes and babes techniques described in novels about Washington. It in-

volves sophisticated methods that go under such names as grass roots lobbying, delayed-action lobbying and cross lobbying. At times it also involves bald law evasion.

Despite the unions' claims, their lobbying machine is not always designed to serve the interests of all the people. Often it is not even aimed at bettering the lot of the workingman. Underlying union lobbying is a hunger to further expand union power. And that means expansion of the personal sway of union officers.

Of course, the activity of lobbying—that is, the influencing of legislation—is not in itself bad. Most legislators welcome lobbyists and lean on them for much of their information about issues they are or should be considering.

"Lobbying," reports a Senate committee, "is, in its proper use, a necessary and beneficial adjunct to the orderly process of government."

Some political scientists say, in fact, that without lobbying, America would be splintered into many political parties, each representing a specific interest. Certainly one faction in such a situation would be a labor union party.

In the early days of American unionism, some labor parties did arise. But any chances for a major labor political party ended in 1881. That's when the Federation of Organized Trades and Labor Unions, which had formed a union party

promoting tax-paid schools and child labor laws, evolved into the American Federation of Labor.

The AFL's fiery president, Samuel Gompers, condemned labor union parties and ordered the federation to put its "primary reliance for political success on lobbying the Congress."

Under Mr. Gompers the AFL limited its lobbying to bills that would strengthen the unions' powers to organize, bargain and strike. Credit for raising workers' wages and benefits was to go to unions, not to legislators.

Mr. Gompers, therefore, opposed minimum wages and many other restrictions on the free labor market which are so popular with unions today.

In the 1930's things changed. Encouraged by the New Deal Administration, unions again directed lobbying toward welfarist causes that were often unrelated to workers' interests.

Unions became, in effect, a strong arm of the Democratic Party.

In 1947 a Republican Congress passed the Taft-Hartley federal labor law despite bitter union opposition and a Presidential veto. Alarmed at their suddenly apparent weakness on Capitol Hill, unions fastened entire new units to their lobbying machine.

And they have continued to expand the scope and methods of their lobbying ever since.

The union lobby thrives on tax-free money obtained by biting into the pay check of every union man, whether he likes it or not. Most union members don't realize how much of their dues is used to influence proposals that unions lobby for—and some are forced to contribute to the lobby, through dues, in order to keep their jobs.

The situation has moved Sen. Paul Fannin (R-Ariz.) to introduce a bill explicitly to revoke the tax-exempt status of unions that have compulsory membership agreements and use dues money for political purposes.

"Without dictatorial control of rank and file employees, power hungry union bosses would have to give account of their stewardship," Sen. Fannin contends. "They would be unable to escape the criminal consequences of draining union treasuries for their pet ideological causes and the campaigns of their political hacks."

"If they suddenly found themselves cut off from the free use of

the hundreds of millions of dollars they presently dispense with both hands to those who will do their bidding, their political empires would crumble like sand castles before the incoming tide."

Thirty-one union groups are among organizations filing Congressional lobbying reports as required by the federal lobbying law. The AFL-CIO leads all the organizations—union and non-union—in spending for lobbying since the end of World War II.

For the past three years the heaviest spending organization for lobbying has been an AFL-CIO affiliate, the United Federation of Postal Clerks.

This union shells out more time and effort lobbying on Capitol Hill than it does talking to government management.

Patrick Nilan, the UFPC's legislative director, explains why his union has been spending \$340,000 yearly for lobbying: "We get none of these benefits such as pay raises and fringe benefits handed to us on a silver platter. To influence Congress, we have to spend lots of money."

An example of the impact of such activities was seen in a recent Congress when 68 separate bills were introduced to thwart an attempt by Post Office Department officials to start a work measurement system. The Post Office dropped the project.

More than 100 unions have their headquarters in Washington, and lobbying opportunities draw more each year. These headquarters aren't the old walk-ups of bygone union days. Many are modern, blockwide buildings in prime locations. From the windows of some unions, such as the Teamsters and the Carpenters, you get a commanding view of the Capitol.

This summer five international unions will begin constructing a jointly-owned eight-story headquarters two blocks from the White House. It's on former federal property the unions obtained from the Johnson Administration.

Wining and dining

From such offices union lobbyists sally forth to ply their trade at government agencies, on Capitol Hill or in hotels or restaurants.

They pay calls on public officials, wine and dine Congressmen and their staffers, testify at hearings, hold cocktail parties and receptions, set up meetings between favor-seekers and favor-givers and in general

play their game by ear, with the accent on precise timing.

One dashing young union lobbyist recently befriended a secretary for a Capitol Hill committee which happened to be considering a bill his union was watching. The friendship helped him obtain, among other things, the names of those Congressmen favoring the bill, those opposed to it and those wavering on the issue. The intelligence helped him structure his lobby strategy on the bill.

Inveterate gift-givers, union lobbyists can be spotted at Yuletide bearing brightly wrapped bottles of whisky into Capitol offices. In the fall, they favor Congressional staffers with scarce tickets to Washington Redskins football games.

One postal union gives a special birthday present to Congressmen on post office committees. It's a double-tiered cake, serving 30, shaped like an envelope and addressed in icing to the Congressman. An icing "postmark" gives the date and the name of the union sender.

Most union lobbying on the Hill is not done in the offices of individual Congressmen, but in committees which set the tone of each bill and inject the subtle wording that packs it with punch or waters it down.

Decades of careful grooming by the unions have now loaded the memberships and the staffs of both the House and Senate labor committees with union sympathizers. It makes lobbying in these committees a cinch for unions.

A proposal was made in a recent Congress to split the Senate Labor and Public Welfare Committee into two committees. But Sen. Ralph Yarborough (D-Tex.), now the committee's chairman, balked.

"Labor would lose its favorite committee in the Senate," he said. "It's a pro-labor committee, and that's the way it ought to be, and that's the way I intend to keep it."

Michigan's Robert Griffin and Arizona's Fannin, two Republican Senators not controlled by the unions, this year quit the Labor Committee, where they claimed they were mere voices in the wilderness. They say their views carry more weight on the Senate floor.

Not listed in official Congressional lobbying reports are the sums unions spend for "grass roots" lobbying, in which constituents are stimulated to put pressure on their legislators into voting the union

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The headquarters of the Letter Carriers Union, a 190,000-member affiliate of the AFL-CIO, is one of many union buildings clustered around the U.S. Capitol.

UNION LOBBYING *continued*

way. Union grass roots lobbying is massive and heavily financed. It is aimed at both unionists and the general public.

Several union groups issue ratings of each Congressman, based on whether he voted "right" or "wrong" on various issues.

The ratings determine how much support or opposition the union will give Congressmen during re-election campaigns.

The best known rating is that of the AFL-CIO's political arm, the Committee on Political Education (COPE). (For COPE's latest ratings see page 84.)

COPE machinery helps in other types of grass roots lobbying, too. COPE organizations in every state and in nearly all of the thousands of AFL-CIO locals provide money and manpower for area propaganda drives.

Campaign contributions

Selective campaign contributions have proved to be another powerful form of delayed-action lobbying practiced by unions. What Congressman would snub the representative of a union that gave several thousand dollars to his campaign?

Unions don't always give money directly to the candidate. Often they disguise how much they give to an individual by assigning part of it to one of the Republican or Democratic Congressional campaign committees, which then earmarks the money to the candidate. Official records, however, show only that the union gave the money to the campaign committee.

In the 1968 election campaigns, unions poured at least \$61 million and inestimable staff time into the presidential race and tens of millions more into Congressional, state and local races.

One of the heaviest contributors to campaigns is the Seafarers International Union (SIU). In the last election it gave money to 150 Congressmen. The Seafarers pumped at least \$27,000 into the unsuccessful re-election bid of Sen. Daniel Brewster (D.-Md.).

During the past two Congressional campaigns, two SIU political arms, the Seafarers Political Activity Donation Committee and the Seafarers Committee on Political Education, have given at least \$36,000 to campaigns of Rep. Edward Garmatz (D.-Md.), chairman, House Merchant Marine Committee.

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rolling in which a union backs causes of its informal allies in return for their lobbying for union causes. The only common denominator among these allies is that they tend to approve of increased federal spending to get what they want.

The philosophy behind this you-scratch-my-back-and-I'll-scratch-yours cross lobbying is that the more groups you have on your side, the more impressed a legislator is likely to be by your position. Thus unions spend much time, effort and money backing legislation its members have no interest in at all—or actually oppose.

AFL-CIO lobbyists support bills sponsored by civil rights groups, even though relations between them are strained at times over the issue of racial discrimination in unions.

The arrangement pays off for unions. For example, Clarence Mitchell Jr., lobbyist for the National Association for the Advancement of Colored People, testified in Congress in favor of a strictly union bill to repeal Section 14 (b) of the Taft-Hartley law.

Mr. Mitchell openly acknowledged he was doing so because the unions had been "indispensable" in supporting civil rights bills. Lobbyists for the National Farmers Union and the Americans for Democratic Action testified similarly.

One of the unions' allies is the Urban Coalition, a broad-based organization set up to tackle city problems. A recent Urban Coalition press statement said flatly: "From the beginning, labor officials have given strong support to the Coalition. In turn, the Coalition is a strong new ally for the achievement of many of the social gains long held by labor." The Coalition pointed out that under the law it cannot engage in legislative activity, so it set up a separately incorporated Urban Coalition Action Council for lobbying purposes.

"During the last session of Congress," the Urban Coalition statement continued, "the Action Council worked closely with the legislative department of AFL-CIO and others to secure favorable action on a number of issues. These included a major housing bill, funds for rent supplements and model cities, and manpower training programs."

A group apt to participate soon in union cross lobbying from the grass roots will be the new Center for Community Change, an "action project" supported by the Robert

farers also contribute directly to political parties. For example, last summer the Seafarers gave at least \$100,000 to the Democratic Party shortly after Secretary of State Dean Rusk refused the Canadian government's request to extradite a former Canadian Seafarers leader. Canada wanted the man, Harold C. Banks, to serve out a five-year jail term for purportedly hiring goons to beat up a rival labor leader.

Where do the Seafarers get so much money for political spending?

Much of it comes from hundreds of Japanese and Filipino merchant seamen. In the fierce scrapping to get jobs on high-paying American vessels in Far Eastern ports, the foreign seamen "voluntarily" give up as much as a third of their wages to the Seafarers political action chest.

Strange cases of union political spending abound.

Lawrence Callanan, leader of the Steamfitters Union in St. Louis, has been charged with converting union dues to political purposes. The St. Louis *Globe-Democrat* revealed that his union gave \$60,000 to the Democratic Party six months after the Internal Revenue Service gave Mr. Callanan a favorable tax settlement and President Johnson commuted part of a criminal sentence the union leader had received for an extortion conviction.

Union officials frequently arrange testimonial dinners which raise thousands of dollars for the "honored" Congressmen.

Federal employees are specifically prohibited by the 1939 Hatch Act from getting involved in politics. But that doesn't stop the unions. The United Federation of Postal Clerks, AFL-CIO, gets around the law by distributing flyers that urge members: "Be sure to encourage your wife, daughter, sister and mother to belong to the Woman's Auxiliary, United Federation of Postal Clerks—sign them up in the Woman's Auxiliary and pay the dues yourself, if necessary!"

"A large and effective Auxiliary is a tremendous asset to the Federation in many ways—one of the most important being the complete political freedom enjoyed by our women which can be used in support of, or in opposition to, political candidates at all levels of government!"

Aid for allies—and from them

Unions are masters, too, of "cross lobbying." This is a form of log-

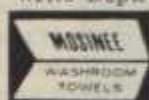
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THE UNION LOBBYING MACHINE *continued*

F. Kennedy Memorial Foundation and the Ford Foundation, which gave it a \$3.5 million grant. The Center will build "mass-based neighborhood organizations" across the land. Walter Reuther, president of the United Auto Workers, is a director of the Center, which will be run from Washington by one of his closest associates, Jack Conway. Mr. Conway, former head of the AFL-CIO's Industrial Union Department, has packed his staff with others who left the IUD when the Auto Workers disaffiliated from the AFL-CIO.

Mr. Conway says the new center is to be a device for "managing popular protest" and getting "local leverage" for more federal funds to selected trouble spots. He adds that his group will be ready to "take up the cudgels when needed" to support legislation.

Unions' explanation

How do unionists today justify their extraordinary involvement in lobbying? Gus Tyler, long-time official for the International Ladies Garment Workers Union and a noted union apologist, sums up the unions' rationalization in a pamphlet published by the Fund for the Republic:

"The American economy of the

second half of the Twentieth Century is much too much of a legislated economy for the unions to believe that they can defend the economic status of their workers solely through contract.

"A worker's real income and real standard of living are immediately and directly affected by the cost of living; by monopoly price-fixing; by publicly controlled utility rates; by public policy on rents, housing, building subsidies; by tariffs on competing manufactures or on consumer items; by the tax law; by the unemployment insurance and social security payments; by the vast complex of legislative and administrative activity that may flow from the full employment act; by the minimum wage law; by price supports on farm products; by the award of government contracts and the determinations about prevailing wages in those contracts; by regulations and laws concerning discrimination in employment. . . .

"A modern union must be concerned with influencing the legislation that goes to make up our legislated economy."

Thus the unions, which for decades have lobbied for an ever more regulated economy, now justify their lobbying with the fact that the economy is highly regulated. **END**

COMING NEXT MONTH

UNION LOBBY MACHINE part II

Who is in the driver's seat in the union lobbying machine? And more important, perhaps, where is that machine heading?

Next month, Associate Editor Walter Wingo, in the second of two articles on union lobbyists, will tell who they are and how they operate as a team to get what their various unions want from Congress.

He also will assess their performances in the past and report their latest legislative objectives.

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THE WALLS COME TUMBLING DOWN

A close look at the art of office "landscaping," in which the object is to be seen but not heard—so costs can be lower and productivity higher

In Wilmington, Del., some 70 employees of the Du Pont Co.'s Freon Division, most of them at the management level, perform—as do their counterparts in countless companies across the country—against a background of office noise.

But for the Freon people, much of that sound comes from speakers in the ceiling, and the noises act as invisible walls.

On two floors of Eastman Kodak's corporate headquarters in Rochester, N. Y., hundreds of employees—most of them clerical—work in large, color-splashed offices where walls are fewer than normal, and what walls there are are covered by carpeting.

One reason walls are few is that the bosses don't work behind any. They're partly behind potted plants and 55-inch high screens.

The Du Pont and Kodak employees, and scores of employees in other firms, are in the vanguard of a new and revamped offices parade which could swell to army size, as a relatively new concept takes hold among planners and designers of office space.

That concept, known as "open planning" or "office landscaping," is controversial—some experts say it isn't all it's cracked up to be, and some even say it isn't really new. But there's no controversy about it's being the most talked-about topic in the office designing field now.

There have been so many visitors from other companies at the Du Pont and Eastman offices that

*Eastman Kodak employees
at work in what may be
the office of tomorrow*

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One way to cut down on interoffice memos: An interoffice conversation.

both organizations have to be firm and limit visits to weekly tours. Representatives of more than 200 companies have come to see the Rochester offices, and until Eastman began taking guests through at lunchtime only, some employees complained their work quarters were like fishbowls.

In brief, what all the commotion is about is setting up work space with no or almost no private offices or corridors, and arranging and designing office equipment and furnishing best to suit this open environment.

You locate desks so as to improve "communication" between employee and employee, and boss and employee, and you try to avoid the regimentation of the old "bullpen" office, where there are no walls between row on row of rank and filers, but walls cut off managerial types.

For visual privacy, you turn to plants, movable screens, and/or artistically designed and placed furniture. For verbal privacy, you rely on sound absorbers and sometimes—as at Du Pont—taped and piped in office noise as well.

The idea is that you can save money in tangible ways—you're certainly spared the cost of putting up and maintaining partitions and of tearing them down and putting them

up again when it's time to make a change—and in intangible ways, through employees doing a better, more productive job.

Pioneers from Europe

"We are a nation of office dwellers," says Robert Propst, director of research for Herman Miller, Inc., a Zeeland, Mich., manufacturer of furniture for business and institutions. "For 34 million people in the United States, or approximately 40 per cent of the working population, it is our place to work. We spend one third of our lives there."

And, says Mr. Propst, who is something of a philosopher in the open planning field, there has been a revolution in the kind of work done in the office in the last half-century or more, but there has been comparatively little change in the office itself.

"The age of Lincoln had no typewriters, telephones, copy devices, and little of the staff or administrative organization which are now the very essence of office life," he notes. "The rise of the textile industry to a large scale in the 1830's and the growth of the railroads into big business in the 1890's caused the first real attempts to group people and surround them with the services we recognize as offices."

But, he says, "from its Scrooge and Bob Cratchett beginnings as boss and clerk," the office "has moved sluggishly behind man's affairs in an attention backwater."

The aggressive, youngish Germans who run a company named the Quickborner Team ("team" is what Germans call a small firm) would agree. The Quickborner firm, management consultants based in the town of Quickborn, Germany, pioneered the "office landscaping system" in Europe, and brought it to America.

(Not only did Quickborner pioneer. It coined the term "bürolandschaft." It's looking for a better term in English, since "office landscaping," a literal translation, carries more of a connotation of greenery than it does in German.)

In the United States, people working in "landscape" type offices number in the hundreds. In Europe, there are tens of thousands of them, Quickborner says.

The firm's first open office installation was for a German publishing company, in 1960. Quickborner went on to design offices for other firms in Germany—including the Ford Motor Co. in Cologne—and then branched out to England, Sweden, Italy, Spain and the Netherlands. In 1966, it set up American



A not-so-private chat in Du Pont's Freon Division "landscape." Says Freon Sales Director Thomas Johnson: "I've had to get excited at a lower decibel."

THE WALLS COME TUMBLING DOWN *continued*

shop in Millburn, N. J. The Du Pont tryout of "landscaping" began in September, 1967.

Quickborner, naturally, had hurdles to get past in Europe before its ideas won acceptance.

Would employees really operate efficiently with the lack of privacy inherent in its open spaces? Wouldn't morale be crushed with disappearance of that prime status symbol, the private office? Objections were overcome, says Dieter Jaeger, a Quickborner partner now carrying on missionary work for the firm in America.

European workers took to the new type of office far more readily than many of them had expected they would.

"The personnel manager in a German firm said he would quit," Mr. Jaeger recalls. "After a few months, he felt very different about it. 'Not too many people are coming in to see me with problems any more,' he said. 'I know them in advance, and solve them quickly.'"

When Quickborner sold its designing services to a manufacturer of light fixtures, the Osram company, for offices in Munich, Osram made a stipulation. Open space, yes, but there had to be cubicles to which a

managerial employee could "retreat."

"Then," says Mr. Jaeger, "they found nobody was using them."

The American way

In the United States, Quickborner faced the same hurdles it had faced in Europe. And another. European workers' outlook was different from Americans', some businessmen said. Americans wouldn't cotton to those wide, open spaces.

"We do not find any significant emotional difference between U. S. and European employees," says Mr. Jaeger. "If anything, the landscape should work better here because in America there always has been more teamwork . . . In Europe, most offices are split up into small rooms. Here, many people already work in large rooms."

How well has landscaping been accepted in American offices?

At the Du Pont office, says Thomas D. Johnson Jr., sales director of Freon products, and the man in charge of Du Pont's experiment in open planning so far, "I like it, my assistant likes it, but our managers don't." He feels that "a marketing group such as ours provides a tougher test for the office landscape than

a lot of other activities . . . several levels of management plus sales correspondents, clerks and secretaries are represented."

At Eastman, says Albert W. (Bill) Brown, the company's coordinator of office landscape planning, reaction has been vastly different. The explanation may be that the Du Pont employees are largely professionals and so many of the 250 Eastman employees in "landscaped" environment are not.

An industrial psychologist had the Eastman employees fill out a questionnaire which asked: "Taking all things into consideration, how do you feel about the change?"

Fifty-eight per cent said they definitely preferred the new environment, and 30 per cent said they "moderately" preferred it. And of the remaining 12 per cent, some were not really anti-landscape—they didn't care either way.

John Hancock Mutual Life Insurance Co. also has been experimenting with office landscaping, and also has been surprised at how well its landscaped employees—at a building in Boston—have taken to the change.

As a matter of fact, a survey of the 121 data processing department

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THE WALLS COME TUMBLING DOWN *continued*

workers who are involved—14 of them normally would have private offices—"floored" Jordan Berman, Hancock's senior designer and space planner.

"It was far more positive than we had anticipated," he says.

John Hancock's figures: 92.3 per cent preferred working in the landscaped office; 5.3 per cent preferred their old environment, and 2.4 per cent didn't care either way.

Mr. Berman, however, would disagree with Quickborner's Mr. Jaeger about a lack of emotional difference between Americans and Europeans when it comes to work environment.

He says Quickborner "approached the status factor rather rigidly" and didn't quite understand some aspects "of American culture."

For example, "when a fellow has spent five years earning a bank-type screen, and then three years earning his own office, and then two more years earning a rug on the

floor, he's apt to be a bit miffed when he's taken out into the open."

Desks of a different color

In Hancock's 12,986 square feet of landscaped office, it isn't instantly obvious as you walk by an executive's desk that he is a manager and not one of the managed. But at second glance, you can tell.

All the desks are of the same model, but managers' are larger, and they are colored differently (gold top for managers, light oak laminate for others). Managers also have more floor space, and their chairs have different upholstery than do other employees'. And the chairs are armed, not armless.

The relatively few objections to landscaping at Hancock have come basically from the middle-management level, says Mr. Berman. Clerical workers? They, he says, can now feel more "in"—more part of a group. In a landscaped, or open plan, office the employee who used to come to

work in the morning and sit down at one of 60 desks arrayed row on row, now is in a cluster of desks which totals one sixth, or one eighth, or one tenth of the 60.

A somewhat similar report of employee acceptance of landscaping comes from the New York Port Authority, which has two 110-story towers—higher than the Empire State Building—under construction in Manhattan. They'll comprise a World Trade Center. The Port Authority, which will own them, will take over about 670,000 square feet in one for its 3,000 employees.

Since last August, the Authority has been testing office landscaping to see if it should use the idea in its new layout. Involved in the test: 40 employees, in a wide open 5,700 square feet—a smaller number and a smaller space than Quickborner has recommended for normal application of its techniques.

The reaction of the employees—business analysts and secretarial

A Quickborner Team rival, JFN, Inc., used an open plan for its own office in Chicago. Each working place is hexagonal, and file bins and shelves hang from free-standing panels 62 or 80 inches high.





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THE WALLS COME TUMBLING DOWN *continued*



Greenery offers only partial cover for tired feet at Eastman (picture at top) and a weary head at Du Pont.

help—to an industrial psychologist's queries has been pro-landscape, according to A. Gordon Lorimer, the Port Authority's chief architect. The head of the department and the number two man, both of whom ordinarily would have private sanctuaries, have none now, but both like the open environment.

"What questions there have been have come from those in the second rank," says Mr. Lorimer. These employees had been in glass cubicles, as distinct from larger, more private enclosures.

The Port Authority has had to rearrange things a bit—for example, two senior analysts who were stationed in mid-office were put off to one side, because they'd proven too

easy to interrupt—and it may try out a different open office plan.

"By no means," Mr. Lorimer says, is he ready to express an opinion as to what style office the Authority should use in its new home, to be ready in 1971.

Equally noncommittal is Davis A. Chiodo, director of design for Corning Glass Works, which since mid-summer has been experimenting with an open office containing 67 people—nearly all of whom are managerial—in a building at Irwin, N. Y., seven-plus miles from the company's main complex at Corning.

Corning may try out the concept in another office, too, Mr. Chiodo says, but "we're still in the process

of measuring" effectiveness and employee reaction.

Raising waves about sound

At Du Pont, employee reaction has been thoroughly measured. The result, says Thomas Johnson, has been a resolve to do more to "make the landscape acceptable to our personnel."

Though some employees like the changed environment, "others don't," he notes. Comments from Du Pont managers:

"The noise is distracting; there is no way you can have a private conversation unless it is in a whisper."

"Customers are hesitant to talk about particular business problems in this atmosphere."

"This kind of condition lowers the morale of everyone in the organization because it raises tension and exposes everyone. It is not a good environment for managing."

Those comments were made before the application of "white noise" or, as it's sometimes called, "acoustical perfume." Speakers in the ceiling produce taped office noises which have been blended into a muffled rumble.

The "perfume" has done some good, objectors concede, though none thinks it's the whole answer.

Open office advocates say background sound in itself is not necessarily more distracting than silence, if it's in the right pitch and at the right noise level. As a matter of fact, say acousticians Richard Hamme and Don Huggins of Geiger & Hamme, Inc., Ann Arbor, Mich., "some office sounds are stimulating and spur people on to better performance than they might achieve in quieter surroundings."

And, Messrs. Hamme and Huggins say, some sounds can effectively mask other sounds—again, provided the masking noise is at the right pitch and level.

Speech, they say, becomes distracting only when it becomes intelligible. It can be a good mask, they say. As for typing, "it's very rich in masking ability."

They frown on air conditioning as a sound mask—finding it of little value unless its volume is raised to a level which disturbs people.

As for music, its value as a sound mask in offices is controversial. Du Pont's Mr. Johnson thinks a musical sound track throws you off your

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This is how a hall can look if you use an open plan. Those "walls" are movable screens.

THE WALLS COME TUMBLING DOWN *continued*

track of thought. Any rhythmic noise disturbs thinking, he feels.

Ideally, most open office advocates say, you don't need artificial sound. A large enough office produces enough noise, they say, though the noise must be softened with sound absorbers.

Privacy in conversation? Eastman office experts say that if acoustics are right—let's say the decibel level is hovering around 50 to 55—the most you can hear of a conversation from as close as eight or 10 feet away is three per cent of the words.

Let an eavesdropper for a business rival make the most of that, say the office planners.

Du Pont's extra problems with sound, says Mr. Johnson, stem from the office it happens to be experimenting with—a leased 10,000 square feet in Wilmington's Farmers Bank Building, which features a vast amount of window expanse. Windows can't be carpeted to reduce and fuzz up sound, and the office isn't very large.

Though he notes that most Du Pont management people usually keep their private office doors ajar anyway, and that "my managers and I have agreed a manager needs absolute oral privacy only about 10 to 15 per cent of the time, we may

try putting some offices" in the landscape.

"Johnson's jungle"

When the Du Pont tryout began, says Mr. Johnson, the new setup was known as "Johnson's jungle," thanks to the profusion of plants and flowers which—along with the screens—are used to break up the open layout and give a measure of privacy.

Toy monkeys and birds kept turning up in the plants.

However, Mr. Johnson says, the underground protest movement has subsided, as "the brightness and cheerfulness of our office landscape" changed minds. "When I step into the office on a cold, dreary day, I get a real lift from these attractive surroundings," he says. "And I think almost everyone feels this way. To vary the effect, we try to do little extra things such as placing poinsettias and lilies at the base of each plant on Christmas and Easter. The ladies especially appreciate these touches."

The ladies did not, though, appreciate all features of the new breed of furniture which is part and parcel of some open type offices. In such offices, the standard double pedestal desk has been shelved for table top varieties, which, what with

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At work in "Johnson's jungle."

THE WALLS COME TUMBLING DOWN *continued*

the mini-skirt and the roaming eye, can be far too revealing.

Du Pont has turned to a device standard in many an older office—the "modesty shield," a plywood hanging which Mr. Johnson finds is nice-looking and doesn't detract from the office's general appearance.

(One reason for the table top desk: Some office designers operate on a sink-or-swim type theory about filing papers.

(They contend that white collar workers can drown in a sea of unneeded documents, and prescribe restricted use of filing drawers and cabinets.

(Material which is needed at least once a week or which is expected to have frequent use inside a month should be readily available, they feel, and other papers which cannot be destroyed should be sent to a central archive continually.

(All of which would seem to require pristine desk tops at day's end. But Herman Miller, Inc., which is hyperactive in the open office field, plumps for a tambour top desk—a modern equivalent of the roll-top—which an employee can simply pull up before lighting out for home. "Why interrupt what you're doing for an unnecessary cleanup?" asks Bob Stanley, of Herman Mil-

ler's Washington, D. C., sales office.

(Herman Miller also advocates consideration of desks at which you can stand as well as sit, arguing that there is wasted air space in standard work quarters, and also that a standup position frequently is more comfortable for an individual or for both parties to a brief conversation.)

One reason Du Pont began its experiment in open offices is that it's planning a large, new office building, and wants to see how the new technique works. It's impressed by lower costs, and by improvement in communication between employees, Mr. Johnson says, but it hasn't made up its mind about future landscaping. "We're still experimenting," he says.

More open plans planned

At Hancock, Mr. Berman is less equivocal. The big insurance company is putting up a 60-story building alongside an existing 26-story building in Boston, and "we will be using a considerable amount of open planning in some form," Mr. Berman says.

How many Hancock employees will be placed in open offices? That hasn't been determined, and the determining may be done by depart-

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ment managers. But "considerable" really means considerable at Hancock.

Mr. Berman is in charge of planning for 2.3 million square feet of office space in the building under construction and the existing one nearby. At the moment, 6,500 em-

ployees are involved in that planning, but "there are prospects for 12,000 within the next 12-year period."

Hancock has found the open office a pleasant place in which to work, an economical place to set up and to shift around, one which saves space that otherwise would go to walls, and one which increases employees' effectiveness.

Some changes are needed, though, according to Mr. Berman.

Like Du Pont's Mr. Johnson, he wonders whether an occasional enclosed room isn't needed and cites the case of a girl employee who was unnecessarily embarrassed because she "broke down and cried" while on comparatively-public view.

The emotionalism of some employees was the subject of discussion at Eastman, too, after it began its open office experiment.

One supervisor, who is now behind book shelves and six-foot-long screens instead of four walls, had been accustomed to tearful confrontations with unhappy female workers. He found—to his pleased surprise—that the tears seemed to have dried up in his first few weeks in his new quarters. The ladies no longer felt free to let their hair down.

Then came the deluge.

Girls decided there really was more privacy than met the eye, apparently, and they made up for lost tear time.

Eastman's Bill Brown is, if anything, more enthusiastic about open plan offices than Hancock's Jordan Berman. Eastman, a fast-growing company, is doubling its office floor space in Rochester—its camera plant is moving to the city's outskirts, and white-collar workers are moving in behind departing blue-collar workers—and "we're planning to go landscape wherever we can," Mr. Brown says.

He feels a high percentage of Eastman's corporate headquarters could be converted to open planning. Involved in the conversion is "big money . . . we could save a substantial sum in the next couple of years in costs."

More efficiency seen

Much more money is involved, if the claims of open office advocates about increased efficiency bear up. In a giant company such as Kodak, or Hancock, even a small boost in

offices' productivity can mean phenomenal savings, planners agree.

Measuring that productivity can be tricky, they also agree.

Eastman experts say efficiency indeed has risen in landscaped environment, and they insist they've taken into account the "Hawthorn effect." This is a phenomenon observed by General Electric industrial psychologists in a plant at Hawthorn, Pa. Any change in environment, for better or for worse, will produce more worker efficiency for a while, they found.

Increase the amount of light? Up goes productivity. Decrease the amount of light for another group of employees doing the same job? Up goes productivity again. The explanation seems to be that employees will produce more—temporarily—if they feel the company is thinking about them, and doing things for them.

Eastman waited several months after a selected group of workers had been transferred into a "landscape," and then checked their output. It had risen 10 per cent.

Comments of employees who share the open environment may help explain why.

From a bookkeeper: "It's easier to get wherever you are going. There is more room to file, and it's easier to get the material. There is a feeling of more individual space."

From another employee: "It's easier to see where people are located, saving trips to empty offices."

From an accountant: "The brightness carries over into your personal outlook; you can concentrate better."

Another employee, thinking back to an office of crowded glass cubicles—the glass at forehead height—says: "It's quieter."

A survey of supervisors showed 91 per cent feeling the atmosphere has made their "supervisory function" more effective. Fifty-six per cent of the other employees, asked how they felt about "your degree of visibility to supervisors and co-workers," said they liked it. Twenty-six per cent said it made no difference to them.

Visibility, of course, is perhaps the most controversial aspect of the open plan office.

It's obvious a boss can keep closer watch to make sure employees aren't goofing off, if they're visible

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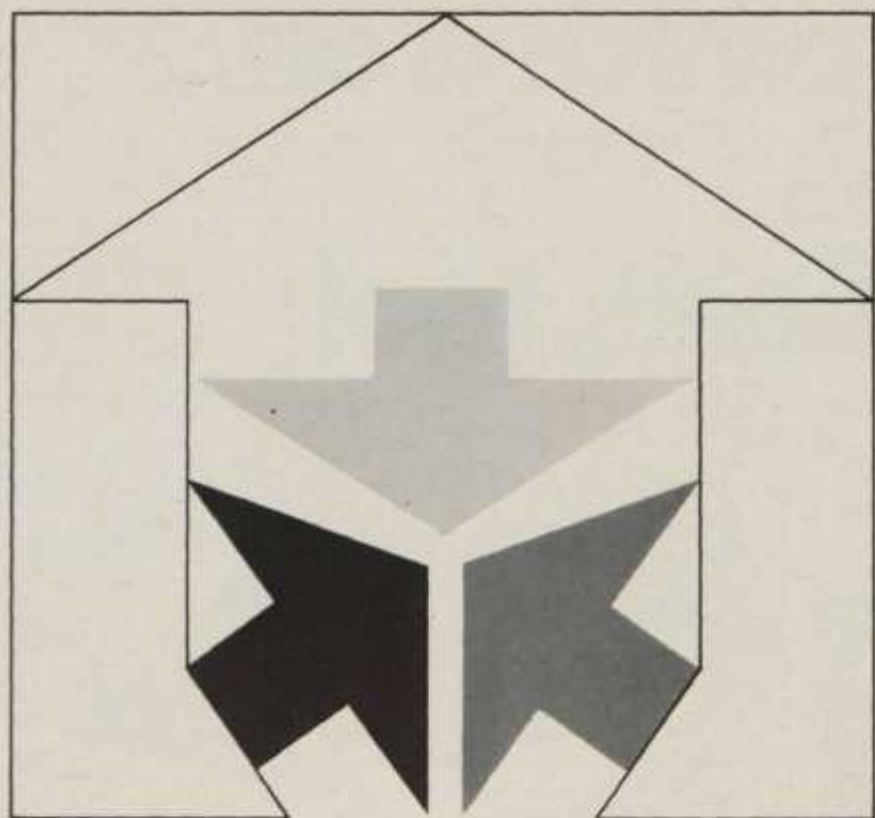
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to him. And it's also obvious that time can be saved if an employee who must talk to the boss or a fellow worker can see if he is in and not busy, or out, or busy.

On the other hand, "It's almost too easy to see," says Thomas Johnson at Du Pont. "It's difficult for you not to be 'in' to anyone." Many times, he notes, a man who is reading may seem available for consultation, but really is busier than if he's on the phone or talking to someone at his desk.

And there are the previously noted problems of privacy for confidential activities. Also, what about the executive nap? Those precious 10 revivifying minutes in mid-afternoon are mighty hard to come by when the world can't be shut out.

One effect of openness has been a trend toward better grooming of workers. If you're visible, you're more apt to keep your coat on, or your tie tied, or your hair combed, than if you're not. (There's also been extra expense for ladies who've bought new clothing to match their environment.)

Costs can be less

Then there are bonuses in costs. It's less expensive to heat, air condition, and light areas not broken up into separate rooms.

It's also less expensive to clean, partly because of the absence of walls, partly because employees tend to keep their quarters neater.

On the other hand, there's the expense of watering plants if the office has them. An employee spends an hour a day doing just that at Eastman. There are 150 plants, all real, in Eastman's first two open plan offices.

Watering plants is a drop in the bucket, though, compared to savings that open plan advocates cite. Hancock says it can fit 10 per cent more people comfortably in the same area. Eastman, which emphasizes it wants a "livable square footage" per person, says that in one of its open offices the space ratio is 140 square feet to each worker, compared to a former ratio of 160 to one—or the same people in 15 per cent less space. Du Pont's comparable figure is five per cent.

Eastman also says it saved 10.5 per cent on furniture, through use of table-type desks and other unconventional items.

Figures on construction expense

THE WALLS COME TUMBLING DOWN

continued



Depending on your viewpoint, there is or isn't enough visual privacy for huddles with customers (above) at Du Pont, or huddles among co-workers in lounge areas and offices at Eastman.



tubes suspended from the ceiling—and "minimum exterior window glass," a particular Du Pont problem which required a lot of drapery.

And the architectural firms of Brooks, Barr, Graeber & White, and Pitts, Mebane, Phelps & White, which have prepared a copious feasibility study for the federal government, see an 18 per cent construction saving in tailoring a new Labor Department headquarters in Washington to landscaped offices rather than traditional ones.

Their figure for setting up conventional offices inside the building, a mammoth structure which will span an expressway near the Capitol, and will house 6,000 government workers, is \$4.45 per square foot. For landscape, the figure is \$3.63.

(A decision on whether to use open plan offices in the structure, which will gather in Labor Department employees now scattered in 18 buildings around Washington, won't be made for some time. First, according to architect Alvin E. Palmer of Brooks, Barr, Graeber & White, the performance of 200 Labor Department employees will be observed in a landscape office carved out of quarters their department already is using in Washington's General Accounting Office building.)

When they discuss savings in reshuffling offices, landscape advocates really get excited. Big com-

vary. Remodeling for open plan quarters for the first time can cost more than remodeling for conventional quarters.

It did at Du Pont, says industrial engineer P. G. Twitchell. However, he says, "We estimate another installation in properly designed space, would cost about five per cent less." Proper design, he says, would include in-floor raceways for electric wiring and phone cords—in the Du Pont office they had to be brought to each workplace via

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THE WALLS COME TUMBLING DOWN

continued

panies—small ones, too—are constantly shifting things around these days. "One department alone at Eastman has torn down partitions and put them up again three times in the past year," Mr. Brown laments. "We're burning a lot of money."

In the landscape, he says, expansion or contraction is "built in." He says changing a conventional "work station"—architectese for the working place for one person—at Eastman normally costs \$7.50 a square foot. The cost of changing one in landscaped quarters: 34.5 cents.

"We relocated 60 people in 22 minutes, after two and a half hours' work by three porters," says Mr. Berman at Hancock.

And, of course, work can go on as usual in an office where partitions are not being noisily torn down or put up, and painted.

Color, color everywhere

A visit to Eastman makes it clear how easily desks and people can be shifted around. There are two landscaped offices in company headquarters, and a third is planned.

The offices vie with each other in colorfulness. Orange wall-to-wall carpeting on the floors. Gold carpeting on the walls. Vivid blue curtains. The green plants, in containers of various hues. Tan wardrobes screen off lounge areas, where employees can break for coffee. Charcoal sound-absorbing material is on the sides of desks, which are arranged in clusters and random patterns.

Tan-trimmed aluminum floor-to-ceiling poles carry electricity lines and lines for phones and dictation. Glistening white grillwork conceals the ceiling and its wiring and light fixtures, and its sound baffles are of muslin and fiber glass such as you may have in your attic.

Movable screens, some 55 inches high and some (for areas such as those containing office machines) 72 inches, are yellow, lime green, orange, blue, or tan. (Behind the bright fabric of the screens is sound-absorbing fiber glass and aluminum foil, which bounces back noise that gets through the fiber glass.)

Everything is so easily moved that a problem loomed: What about the executive—or the secretary—who wanted a larger "office"? All they had to do was push out those screens. If everyone started doing that, there would be chaos.

So Eastman instituted guidelines

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for "living" in the landscape. For example, no hanging of pictures on screens. And no moving those screens, either.

"They've played the game," says Mr. Brown. The guidelines have been followed.

One problem you might not think of immediately in connection with a landscaped office involves the carpeting. It's everywhere. What about static electricity?

The solution has been found in two techniques.

First, humidity is kept under constant control through the air conditioning—the level is 50 per cent. This helps stop carpeting shocks.

Second, an anti-static wire called Brunsmet has been woven into the carpeting. This not only cuts down on static electricity, it also keeps down the fuzz that shoes scuff up from carpets.

When an editor of NATION'S BUSINESS went through the landscaped Eastman offices—not, as is customary for guests, during lunch hour, but when they were a-bustle with work—there was something of the hushed sound level that you

find in an unbusy, upper-floor, carpeted corner of a department store. Voices were present. So were the noises of typewriters and adding machines. But they were muffled.

"If I can offer any piece of advice to other companies," says Bill Brown, "it's this. By all means, hire an acoustical consultant." If the designer of a landscaped office flubs it on acoustics, the office would be a "disaster area," Mr. Brown says.

Dissenters heard from

There are those in the designing field who say any company which swallows the landscape concept whole hog would be seriously flubbing. Take Saphier, Lerner, Schindler, Inc., one of America's largest office design firms. The company, which is headquartered in New York and has branches in various parts of the country, is a division of Litton Industries and has many major clients, including John Hancock Mutual Life Insurance.

It will be doing Hancock's office designing, says senior vice president Bernard (Bud) Schindler, and though Hancock may indeed use a form of landscaping in some of its new quarters, he says it won't be a carbon copy of a Quickborner landscape. In an open office, Saphier, Lerner, Schindler favors right-angle layouts, not Quickborner's random ones, on the theory that they save space. "After all, a straight line is still the shortest distance between two points," Mr. Schindler says.

Speaking of saving space, Mr. Schindler insists the best method is by partitioning offices. You can't put two desks inches apart without a partition between them, he says.

Flexibility? The best kind is one where designing permits an employee to move from one office to another without the necessity for tearing down partitions, Mr. Schindler says. Costs? The real "big money" in office changing "is in the ceiling"—the expense of shifting lighting, and air conditioning, and so forth. Not in tearing down partitions. In wall-less quarters, says Mr. Schindler, the furniture "has to match"—a boon to furniture makers because new quarters may mean all-new furnishings.

The landscape "has some merit to it," he says, "but this is not going to be the way 99 per cent of American offices are going to be."

Other designers would echo this

view. And still others might agree that there's a good chance that the landscape idea will have as much effect on work in office interiors in the '70's as the power mower had on home exterior work in the '40's.

Quickborner is far from the only designer of landscape-type offices. America's biggest open plan office setup to date is getting under way in the brand new North Avenue tower of the Citizens and Southern National Bank in Atlanta, Ga. It was worked out by Atlanta architect Richard Aeck, and it used the Herman Miller company's "Action Office II" furniture—designed specifically to eliminate need for walls.

On 11 floors, 375 bank employees will be working in an environment where the only rooms anything like conventional partitioned offices are clustered around a center core of washrooms and building maintenance enclosures. The rooms in the clusters—they're for conferences—are enclosed by glass paneling.

The bank, Georgia's largest, and one of the nation's more innovative (helicopters fly from the new building's roof to make pickups at branches) figures the open offices will lower costs and raise morale.

JFN, Inc., a New York and Chicago office planning firm, set up its own Chicago office without walls, and is working on others for clients. (It says it favors open plan offices, but not the "sameness" of the Quickborner brand.)

Companies embarking on some sort of open planning are both large and small. The open plan is not limited to business and the federal government and New York Port Authority. Some schools are giving it a tryout, too.

As for Uncle Sam, National Bureau of Standards senior research architect Michael Brill says a study of federal office space shows that, taken over the first 40 years, the cost of putting up a building comes to only two per cent of total expense which that building involves. Maintenance adds up to 6 per cent of the cost, and salary, 92 per cent.

So anything that adds to employee efficiency is obviously of vital import.

Says Bill Brown at Eastman: "We were looking for a method to improve the working environment and at the same time allow changes at greatly reduced cost. Office landscaping very nicely does that." **END**



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business: a look ahead

MARKETING

Ad agency bureaucracies are under pressure to change with the times, abandon idea that what worked before will keep doing so.

So says Madison Avenue man with good track record at trend spotting over the years. Example:

Rebellion against authority, increasing skepticism among large segment of population mean less receptiveness to emphatic, authoritative claims for product performance.

Low-key, candid statements that products perform well in specific ways generate encouraging write-in, other response.

So do ads portraying products in realistic day-to-day setting rather than artificial aura of glamor.

This source sees some tie-in between emphasis on consciously displayed candor and emergence of talented under-30 types on Madison Avenue.

AGRICULTURE

Memo to Cesar Chavez: You could be replaced by a machine.

Efforts by Chavez to organize grape pickers, and strikes and boycotts to win union recognition, won't mean much if increased costs spur worker displacement by machines.

Several machines have been under development for years under industry, university research. At least two are in commercial production and others have undergone extensive field trials.

Several prototype models have proved workable, though too expensive for commercial use. But rising labor costs, plus need to harvest in often unbearable heat, spur mechanization.

As in other areas of farm mechanization, labor costs plus reduction in equipment cost reach point where machine use becomes economic.

Scientific studies of several grape varieties show they suffer no damage from mechanical handling.

CREDIT AND FINANCE

Uncertainty marks drive to secure greater protection for nation's banks.

New federal regulations require lights around vault areas, tamper-proof locks on doors and all exterior windows that can be opened, alarm systems, and whatever bank officials feel needed after consultation with police.

Financial institutions must designate security officers and file reports on existing protection facilities with federal regulatory agencies. By

year's end, they must develop security programs and arrange for installation of protection facilities.

Regulatory officials say requirements have generated questions concerning compliance. Others in government and security industry say confusion is widespread.

Protection requirements differ depending on local crime rate and amount of potential loot on premises, which can vary over period of time.

CONSTRUCTION

Success in lowering home construction costs points way to middle-income housing in high-cost suburbs where available housing lags behind job market.

Urban Land Institute reports program in Seattle where aircraft industry expansion created pressure to house work force in \$5,000-\$7,000 range.

Six projects—first completed in 10 months—produced homes averaging less than \$16,000

each, compared to local average of \$22,000.

ULI attributes success not to startling breakthrough but to combination of known techniques, including waiver of strict codes, cutting red tape and clustering—grouping to take maximum advantage of topography.

Also cited is close working partnership involving business, labor, local government and feds—consultants and FHA insurers—operating under clear agreement on ground rules.

FOREIGN TRADE

Top U. S. companies operating overseas expect booming sales abroad over next three years, but with major gains from production outside U. S., rather than exports.

Research organization surveyed nearly 200 executives, found 50 per cent of firms represented predicting 10 per cent annual growth rate for overseas sales, some 12 per cent expecting to double sales over three years.

Biggest growth is forecast by chemicals, rubber, plastics and electronic products including computers.

National Industrial Conference Board says reasons for trend include increase of U. S. production costs, nationalism and other protectionist influences abroad, and conviction that overseas production yields companies highest overseas sales.

MANUFACTURING

Large manufacturers will be the target of new antitrust efforts by the Nixon Administration.

Richard W. McLaren, new assistant attorney general in charge of Justice Department's Antitrust Division, has spoken only in general terms about policies differing from predecessors.

But he's identified one area of challenge to practices largely regarded as permissible under previous guidelines, law and court precedent. It's reciprocity, practice of "dealing with your

friends," buying from your customers.

Advocates say there's nothing wrong with such trade relations provided competitive factors of price, quality and other terms are not distorted. But Justice Department will be examining such dealings from standpoint of possible coercive use of buying power and other such restraints.

Reciprocity also will be factor in Justice's pending moves against conglomerate mergers.

TRANSPORTATION

Airline industry insists its contribution to air pollution is almost negligible. But it's doing something about it anyway.

Air Transport Association cites studies by smog-conscious officials in Los Angeles, confirmed by Public Health Service, showing dirty black plumes from jets are hardly measurable as source of pollutants.

They do look bad to a pollution-conscious public and there are complaints of soot in areas

directly beneath flight paths around airports. Main problem is incomplete fuel combustion.

ATA says one possible improvement source, fuel additives, appears least promising because of possible adverse effects on engines.

But Pratt and Whitney has redesigned engines which are said to solve problem. Tests are under way by half dozen airlines to determine whether smoke deterrence is sustained after long use.

NATURAL RESOURCES

Conflict, real or potential, between economic development and conservation prompts business to consider its environment more.

Water-using manufacturer tells Nation's Business he rejected scenic area in East Tennessee as plant site. His reason: Though initially welcomed, plant might become target of criticism in later years as scenic consciousness increases.

In another approach, leading businessmen

have joined others including conservationists in Florida to form water users association supporting dual objectives of preserving Everglades National Park as scenic resource and extensive public works to avert flooding and conserve water.

Another example: In Maine, business and state teamed up to develop program for future recreational use of land now being mined for zinc and copper.

HOW DOES YOUR CONGRESSMAN

How the new Congress may stand on major issues is no real secret.

Not that anyone can now tell exactly how the lawmakers will vote on the important rollcalls now approaching. But if history and past performance are any precedent, there are strong indications of how members of the Senate and House of Representatives think.

Three major organizations grade Congress on its past votes. They measure members in terms of how liberal or conservative they are.

Since most members of the last Congress are back again—the turnover was significantly lower than in most elections—you can get a good idea of the tone of the new Congress when you see how they have been graded on past votes. The relatively few new members of the current Ninety-first Congress are not listed in the tabulations below, of course, since they have not voted on enough issues to be graded by the Congress-watching organizations. (See footnotes.)

Most of the major problems facing the Congress are not new: they include the war in Viet Nam, inflation, crime, social problems involving unemployment, housing, health.

A major study on tax reform has been undertaken by the House Ways and Means Committee. There is speculation also that tax legislation will be enacted in this Congress.

Other issues that probably will be debated include legislation in the consumer field, pollution, worker safety, social security changes, education, airport development, Electoral College reform, postal reform.

The Americans for Constitutional Action (ACA) evaluates Congressional votes which, in its opinion, "have a significant bearing on the preservation of the spirit and principles of the Constitution, as these were defined by the Founding Fathers of the Republic."

The Americans for Democratic Action (ADA) evaluates votes in terms of what it considers to be liberal policies. It refers to its evaluation as the "liberal quotient" and its ratings are derived from selected Senate and House votes.

The AFL-CIO Committee on Political Education (COPE) evaluates votes as "right" or "wrong" in terms of how they conform to AFL-CIO policies.

UNITED STATES SENATE

STATE AND SENATOR	% Vote Record		
	ACA ⁽¹⁾	ADA ⁽¹⁾	COPE ⁽¹⁾
ALABAMA			
Sparkman (D)	23	4	62
ALASKA Both Senators Newly Elected			
ARIZONA			
Fannin (R)	88	4	0
Goldwater (R) ⁽²⁾	98	0	0
ARKANSAS			
McClellan (D)	69	7	20
Fulbright (D)	24	26	51
CALIFORNIA			
Murphy (R)	83	7	17
COLORADO			
Allott (R)	76	11	25
Dominick (R)	79	22	16
CONNECTICUT			
Dodd (D)	20	52	85
Ribicoff (D)	13	85	97
DELAWARE			
Williams (R)	93	22	8
Boggs (R)	52	33	49
FLORIDA			
Holland (D)	63	7	19
Gurney (R) ⁽²⁾	97	0	3
GEORGIA			
Russell (D)	72	4	28
Talmadge (D)	59	4	22
HAWAII			
Fong (R)	43	37	55
Inouye (D)	1	63	96
IDAHO			
Jordan (R)	88	15	12
Church (D)	16	67	89
ILLINOIS			
Dirksen (R)	73	7	14
Percy (R)	37	59	64
INDIANA			
Hartke (D)	16	46	87
Bayh (D)	11	56	97
IOWA			
Miller (R)	78	11	14
KANSAS			
Pearson (R)	87	18	18
Dole (R) ⁽²⁾	93	4	6

STATE AND SENATOR	% Vote Record		
	ACA ⁽¹⁾	ADA ⁽¹⁾	COPE ⁽¹⁾
KENTUCKY			
Cooper (R)	35	59	60
LOUISIANA			
Ellender (D)	53	15	33
Long (D)	30	11	55
MAINE			
Muskie (D)	6	70	96
Smith (R)	43	30	55
MARYLAND			
Tydings (D)	6	81	95
Mathias (R) ⁽²⁾	40	52	61
MASSACHUSETTS			
Kennedy (D)	2	81	100
Brooke (R)	33	81	100
MICHIGAN			
Hart (D)	0	89	100
Griffin (R)	52	37	27
MINNESOTA			
McCarthy (D)	2	41	99
Mondale (D)	1	89	100
MISSISSIPPI			
Stennis (D)	68	0	23
Eastland (D)	72	4	17
MISSOURI			
Symington (D)	18	59	95
MONTANA			
Mansfield (D)	9	41	86
Metcalfe (D)	6	78	96
NEBRASKA			
Hruska (R)	95	4	5
Curtis (R)	95	4	3
NEVADA			
Cannon (D)	30	33	77
Bible (D)	37	19	84
NEW HAMPSHIRE			
McIntyre (D)	20	59	94
Cotton (R)	84	26	14
NEW JERSEY			
Williams (D)	4	81	98
Case (R)	24	100	79
NEW MEXICO			
Montoya (D)	10	44	93
Anderson (D)	21	26	82

MEASURE UP?

U. S. HOUSE OF REPRESENTATIVES

STATE AND SENATOR	% Vote Record		
	ACA ⁽¹⁾	ADA ⁽¹⁾	COPE ⁽¹⁾
NEW YORK			
Javits (R)	19	81	87
Goodell (R) ⁽²⁾	77	22	9
NORTH CAROLINA			
Jordan (D)	59	4	22
Ervin (D)	61	7	28
NORTH DAKOTA			
Burdick (D)	17	63	94
Young (R)	64	0	24
OHIO			
Young (D)	15	85	94
OKLAHOMA			
Harris (D)	12	59	81
OREGON			
Hatfield (R)	47	63	73
PENNSYLVANIA			
Scott (R)	41	52	59
Schweiker (R) ⁽²⁾	56	44	53
RHODE ISLAND			
Pastore (D)	10	70	96
Pell (D)	5	85	100
SOUTH CAROLINA			
Thurmond (R)	94	0	8
Hollings (D)	61	11	33
SOUTH DAKOTA			
Mundt (R)	80	7	11
McGovern (D)	9	67	95
TENNESSEE			
Gore (D)	19	48	80
Baker (R)	72	22	36
TEXAS			
Yarborough (D)	8	59	90
Tower (R)	96	4	0
UTAH			
Moss (D)	6	78	92
Bennett (R)	67	0	4
VERMONT			
Prouty (R)	53	41	46
Aiken (R)	40	48	58
VIRGINIA			
Byrd (D)	79	4	19
Spong (D)	47	26	33

STATE AND SENATOR	% Vote Record		
	ACA ⁽¹⁾	ADA ⁽¹⁾	COPE ⁽¹⁾
WASHINGTON			
Jackson (D)	7	63	99
Magnuson (D)	11	52	99
WEST VIRGINIA			
Byrd (D)	29	22	68
Randolph (D)	11	67	89
WISCONSIN			
Proxmire (D)	25	70	92
Nelson (D)	9	81	100
WYOMING			
McGee (D)	3	67	90
Hansen (R)	90	7	18

SENATE FOOTNOTES

(1) The bases for Senate ratings shown as follows:

ACA ratings are cumulative for veteran members of the Senate, covering the individual Senator's voting record since 1955, or since the date of his first term served if that date comes after 1955, and continuing through the Ninetieth Congress, 1967-68.

ADA ratings for Senators are based on votes cast on selected issues during the Ninetieth Congress.

COPE's cumulative ratings are derived from voting records of the individual Senator since 1947, or since the date of his first year in the Senate, continuous through the Ninetieth Congress. House voting records are included in COPE's ratings for Senators who were previously Representatives.

(2) Elected Nov. 5, 1968, for six-year term beginning Jan. 3, 1969. Sen. Goldwater (R.-Ariz.) served in Senate 1953-1964; ratings applicable to his voting record.

For four new Senators, ratings apply to previous House voting record: Sen. Gurney (R.-Fla.) 1963-68; Sen. Dole (R.-Kans.) 1961-68; Sen. Mathias (R.-Md.) 1961-68; and Sen. Schweiker (R.-Pa.) 1961-68.

(3) Appointed by Gov. Rockefeller to fill unexpired term of late Sen. Robert F. Kennedy beginning Sept. 12, 1968, and ending Jan. 1, 1971. Subject to election in 1970 to full six-year term. Ratings shown for House voting record prior to appointment.

STATE AND REPRESENTATIVE Dist.	% Vote Record		
	ACA	ADA	COPE
ALABAMA			
1. Edwards (R)	99	0	0
2. Dickinson (R)	97	0	0
3. Andrews (D)	72	0	28
4. Nichols (D)	76	4	8
5. Buchanan (R)	99	4	4
7. Bevil (D)	71	7	15
8. Jones (D)	15	33	74
ALASKA			
AL Pollock (R)	73	19	38
ARIZONA			
1. Rhodes (R)	84	7	7
2. Udall (D)	6	93	89
3. Steiger (R)	86	7	0
ARKANSAS			
2. Mills (D)	37	15	53
3. Hammer- schmidt (R)	85	0	0
4. Pryor (D)	31	33	38
CALIFORNIA			
1. Clausen (R)	82	4	9
2. Johnson (D)	6	67	98
3. Moss (D)	2	89	99
4. Leggett (D)	4	85	97
5. Burton (D)	3	96	100
6. Mailliard (R)	55	26	38
7. Cohelan (D)	4	89	100
8. Miller (D)	1	74	99
9. Edwards (D)	2	96	100
10. Gubser (R)	75	7	19
11. McCloskey (R)	46	33	75

HOUSE OF REPRESENTATIVES FOOTNOTES

The bases for ratings shown for Representatives serving in the Ninety-first Congress are as follows:

ACA ratings are cumulative for veteran members covering the individual Representative's voting record since 1957, or since the date of the first term served if that date comes after 1957, through the Ninetieth Congress, 1967-68.

ADA ratings for Representatives are based on votes cast on selected issues during the Ninetieth Congress.

COPE's cumulative ratings are derived from voting records of the individual Representative since 1947, or since his first year in the House, continuous through the Ninetieth Congress. No ratings are shown for members of Congress elected in November, 1968, and now serving their first term in the House.

U. S. HOUSE OF REPRESENTATIVES *continued*

STATE AND REPRESENTATIVE Dist.	ACA	ADA	COPE
	(Per cent)		
12. Talcott (R)	84	4	8
13. Teague (R)	82	11	9
14. Waldie (D)	7	85	92
15. McFall (D)	2	78	99
16. Sisk (D)	4	70	97
18. Mathias (R)	79	4	8
19. Hollifield (D)	5	85	97
20. Smith (R)	97	0	4
21. Hawkins (D)	2	93	100
22. Corman (D)	0	74	98
23. Clawson (R)	93	0	9
24. Lipscomb (R)	94	0	6
25. Wiggins (R)	87	4	8
26. Rees (D)	3	89	100
27. Reinecke (R)	82	4	4
28. Bell (R)	63	33	22
29. Brown (D)	6	85	100
30. Roybal (D)	4	96	100
31. Wilson (D)	5	74	100
32. Hoamer (R)	76	15	20
33. Pettis (R)	84	7	31
34. Hanna (D)	4	74	92
35. Utt (R)	97	0	0
36. Wilson (R)	84	4	8
37. Van Deertlin (D)	4	74	94
38. Tunney (D)	10	81	92

COLORADO

1. Rogers (D)	7	63	95
2. Brotzman (R)	79	11	17
3. Evans (D)	12	70	96
4. Aspinall (D)	10	48	85

CONNECTICUT

1. Daddario (D)	7	85	95
2. St. Onge (D)	4	85	94
3. Giaimo (D)	10	67	93
5. Monagan (D)	16	70	91
6. Meskill (R)	78	19	38

DELAWARE

AL Roth (R)	88	7	8
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FLORIDA

1. Sikes (D)	51	11	38
2. Fuqua (D)	63	7	17
3. Bennett (D)	54	15	43
8. Gibbons (D)	16	63	76
7. Haley (D)	93	0	8
8. Cramer (R)	89	7	4
9. Rogers (D)	66	11	29
10. Burke (R)	100	4	8
11. Pepper (D)	2	70	100
12. Fawcett (D)	12	67	75

GEORGIA

1. Hagan (D)	58	4	30
2. O'Neal (D)	81	4	0
3. Brinkley (D)	75	4	8
4. Blackburn (R)	96	0	17
5. Thompson (R)	84	4	9
6. Flynt (D)	60	4	29
7. Davis (D)	42	15	40
8. Stuckey (D)	75	7	15

STATE AND REPRESENTATIVE Dist.	ACA	ADA	COPE
	(Per cent)		

9. Landrum (D)	38	19	42
10. Stephens (D)	38	30	44

HAWAII

AL Matsunaga (D)	0	89	97
AL Mink (D)	3	100	100

IDAHO

1. McClure (R)	96	7	0
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ILLINOIS

1. Dawson (D)	1	74	98
3. Murphy (D)	3	81	100
4. Derwinski (R)	93	11	5
5. Kluczynski (D)	3	74	99
6. Ronan (D)	1	89	96
7. Annunzio (D)	1	89	96
8. Rostenkowski (D)	1	78	98
9. Yates (D)	8	100	94
10. Collier (R)	93	7	8
11. Pucinski (D)	10	63	95
12. McClory (R)	82	15	14
13. Rumsfeld (R)	78	15	14
14. Erlenborn (R)	83	11	4
15. Reid (R)	98	7	6
16. Anderson (R)	85	15	8
17. Arends (R)	87	11	8
18. Michel (R)	88	15	17
19. Rallsback (R)	68	22	38
20. Findley (R)	90	15	6
21. Gray (D)	8	70	92
22. Springer (R)	77	15	15
23. Shipley (D)	23	52	89
24. Price (D)	1	78	100

INDIANA

1. Madden (D)	4	81	98
3. Brademas (D)	4	85	100
4. Adair (R)	90	4	8
5. Roudebush (R)	94	4	6
6. Bray (R)	86	4	23
7. Myers (R)	92	4	15
8. Zion (R)	94	11	17
9. Hamilton (D)	20	56	81
11. Jacobs (D)	5	81	100

IOWA

1. Schwengel (R)	68	22	33
2. Culver (D)	10	85	96
3. Gross (R)	97	4	13
4. Kyl (R)	89	4	14
5. Smith (D)	12	63	96
6. Mayne (R)	72	7	0
7. Scherle (R)	98	0	8

KANSAS

2. Mize (R)	77	7	12
3. Wirth (R)	90	4	8
4. Shriver (R)	82	7	9
5. Skubitz (R)	89	4	5

KENTUCKY

1. Stubblefield (D)	24	37	67
2. Natcher (D)	25	41	73
3. Cowger (R)	73	26	45

STATE AND REPRESENTATIVE Dist.	ACA	ADA	COPE
	(Per cent)		

4. Snyder (R)	94	7	17
5. Carter (R)	68	19	25
6. Watts (D)	30	19	60
7. Perkins (D)	8	63	93

LOUISIANA

1. Hebert (D)	54	15	34
2. Boggs (D)	6	70	80
4. Waggonner (D)	84	11	10
5. Passman (D)	69	11	23
6. Rarick (D)	95	0	0
7. Edwards (D)	44	30	47
8. Long (D)	83	7	12

MAINE

1. Kyros (D)	4	70	100
2. Hathaway (D)	3	85	100

MARYLAND

1. Morton (R)	74	19	19
2. Long (D)	9	63	91
3. Garmatz (D)	8	70	98
4. Fallon (D)	18	67	78
7. Friedel (D)	4	89	95
8. Gude (R)	29	70	85

MASSACHUSETTS

1. Conte (R)	44	63	48
2. Boland (D)	8	85	96
3. Philbin (D)	9	78	94
4. Donohue (D)	8	78	97
5. Morse (R)	38	67	61
6. Bates (R)	71	26	22
7. Macdonald (D)	13	76	92
8. O'Neill (D)	5	85	96
9. McCormack (D)		(Speaker)	
10. Heckler (R)	44	56	69
11. Burke (D)	6	81	98
12. Keith (R)	66	26	24

MICHIGAN

1. Conyers (D)	6	100	96
2. Esch (R)	47	41	31
3. Brown (R)	73	33	50
4. Hutchinson (R)	93	4	0
5. Ford (R)	61	15	3
6. Chamberlain (R)	82	7	17
7. Riegle (R)	56	41	46
8. Harvey (R)	72	26	19
9. Vander Jagt (R)	76	22	25
10. Cederberg (R)	90	4	4
11. Ruppe (R)	47	30	62
12. O'Hara (D)	3	89	97
13. Diggs (D)	4	89	99
14. Nedzi (D)	4	85	98
15. Ford (D)	3	93	100
16. Dingell (D)	5	70	97
17. Griffiths (D)	8	74	97
18. Broomfield (R)	66	33	30
19. McDonald (R)	73	26	31

MINNESOTA

1. Quie (R)	75	15	14
2. Nelsen (R)	85	7	9
3. MacGregor (R)	74	19	15

STATE AND
REPRESENTATIVE
Dist.

ACA ADA COPE
(Per cent)

4. Karth (D)	5	81	100
5. Fraser (D)	2	89	97
6. Zwach (R)	77	15	42
7. Langen (R)	89	4	5
8. Biatnik (D)	4	81	98

MISSISSIPPI

1. Abernethy (D)	82	0	16
2. Whitten (D)	73	11	14
3. Griffin (D)	84	0	25
4. Montgomery (D)	84	0	0
5. Colmer (D)	83	4	0

MISSOURI

3. Sullivan (D)	4	70	100
4. Randall (D)	35	26	84
5. Bolling (D)	2	89	100
6. Hull (D)	59	19	45
7. Hall (R)	99	4	0
8. Ichord (D)	56	11	60
9. Hungate (D)	25	44	75

MONTANA

1. Olsen (D)	6	67	96
2. Battin (R)	91	4	2

NEBRASKA

1. Denney (R)	92	7	0
2. Cunningham (R)	80	11	26
3. Martin (R)	92	4	4

NEVADA

AL Baring (D)	64	7	51
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NEW HAMPSHIRE

1. Wyman (R)	81	7	13
2. Cleveland (R)	74	19	17

NEW JERSEY

1. Hunt (R)	90	7	23
2. Sandman (R)	70	15	36
3. Howard (D)	5	85	96
4. Thompson (D)	5	89	100
5. Frelinghuysen (R)	55	26	28
6. Cahill (R)	50	37	59
7. Widnall (R)	60	37	40
8. Joelson (D)	7	85	96
9. Helstoski (D)	5	100	100
10. Rodino (D)	6	78	100
11. Minish (D)	4	78	100
12. Dwyer (R)	51	46	59
13. Gallagher (D)	3	89	100
14. Daniels (D)	5	81	100
15. Patten (D)	6	81	100

NEW MEXICO

AL Foreman (R)	100	0	0
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NEW YORK

1. Pike (D)	26	52	77
2. Grover (R)	71	11	24
3. Wolff (D)	23	74	88
4. Wyder (R)	68	33	33
5. Halpern (R)	26	78	88
7. Addabbo (D)	11	78	96

STATE AND
REPRESENTATIVE
Dist.

ACA ADA COPE
(Per cent)

8. Rosenthal (D)	3	96	100
9. Delaney (D)	11	63	97
10. Celler (D)	4	81	99
11. Brasco (D)	2	85	100
13. Podell (D)	0	100	100
14. Rooney (D)	4	78	99
15. Carey (D)	7	78	98
16. Murphy (D)	3	70	100
18. Powell (D)	10	86	99
19. Farberstein (D)	5	100	100
20. Ryan (D)	4	96	98
21. Scheuer (D)	6	93	100
22. Gilbert (D)	4	93	100
23. Bingham (D)	3	100	100
25. Ottinger (D)	22	89	92
26. Reid (R)	26	59	84
29. Button (R)	30	63	77
30. King (R)	91	4	4
31. McEwen (R)	85	7	4
32. Pirnie (R)	69	30	29
33. Robison (R)	74	26	16
34. Hanley (D)	8	74	96
35. Stratton (D)	24	37	87
36. Horton (R)	43	63	78
37. Conable (R)	71	11	6
39. McCarthy (D)	12	74	80
40. Smith (R)	89	19	12
41. Dulski (D)	14	74	97

NORTH CAROLINA

1. Jones (D)	79	7	7
2. Fountain (D)	67	0	31
3. Henderson (D)	83	4	23
4. Galifianakis (D)	59	26	38
7. Lennon (D)	77	0	13
9. Jonas (R)	90	0	4
10. Broyhill (R)	92	0	0
11. Taylor (D)	63	4	21

NORTH DAKOTA

1. Andrews (R)	65	15	16
2. Kleppe (R)	87	7	15

OHIO

1. Taft (R)	72	26	25
2. Clancy (R)	95	7	6
3. Whalen (R)	32	59	83
4. McCulloch (R)	85	26	9
5. Latta (R)	90	11	10
6. Harsha (R)	84	11	11
7. Brown (R)	90	7	13
8. Betts (R)	96	7	7
9. Ashley (D)	6	93	97
10. Miller (R)	92	4	0
11. Stanton (R)	72	22	16
12. Devine (R)	97	7	7
13. Mosher (R)	64	41	28
14. Ayres (R)	69	22	36
15. Wylie (R)	92	7	8
16. Bow (R)	93	7	8
17. Ashbrook (R)	98	4	2
18. Hays (D)	15	48	92
19. Kirwan (D)	7	67	99
20. Feighan (D)	15	85	92
22. Vanik (D)	11	70	96

STATE AND
REPRESENTATIVE
Dist.

ACA ADA COPE
(Per cent)

23. Minshall (R)	88	22	9
24. Lukens (R)	96	4	8

OKLAHOMA

1. Belcher (R)	91	0	6
2. Edmondson (D)	7	56	65
3. Albert (D)	3	67	88
4. Steed (D)	27	33	69
5. Jarman (D)	62	0	30

OREGON

1. Wyatt (R)	70	11	20
2. Ullman (D)	8	44	91
3. Green (D)	12	70	89
4. Dellenback (R)	68	30	31

PENNSYLVANIA

1. Barrett (D)	4	89	100
2. Nix (D)	3	93	100
3. Byrne (D)	5	89	100
4. Eilberg (D)	2	78	100
5. Green (D)	4	96	100
7. Williams (R)	91	7	8
8. Biester (R)	59	26	31
9. Watkins (R)	91	7	8
10. McDade (R)	43	52	68
11. Flood (D)	6	67	95
12. Whalley (R)	78	4	16
14. Moorhead (D)	5	93	96
15. Rooney (D)	5	63	100
16. Eshleman (R)	86	7	8
17. Schneebeli (R)	79	7	10
18. Corbett (R)	47	52	69
19. Goodling (R)	93	4	3
21. Dent (D)	11	78	97
22. Saylor (R)	64	22	51
23. Johnson (R)	86	4	3
24. Vigorito (D)	18	63	92
25. Clark (D)	15	48	91
26. Morgan (D)	5	78	97
27. Fulton (R)	45	44	66

RHODE ISLAND

1. St. Germain (D)	6	81	100
2. Tiernan (D)	4	82	100

SOUTH CAROLINA

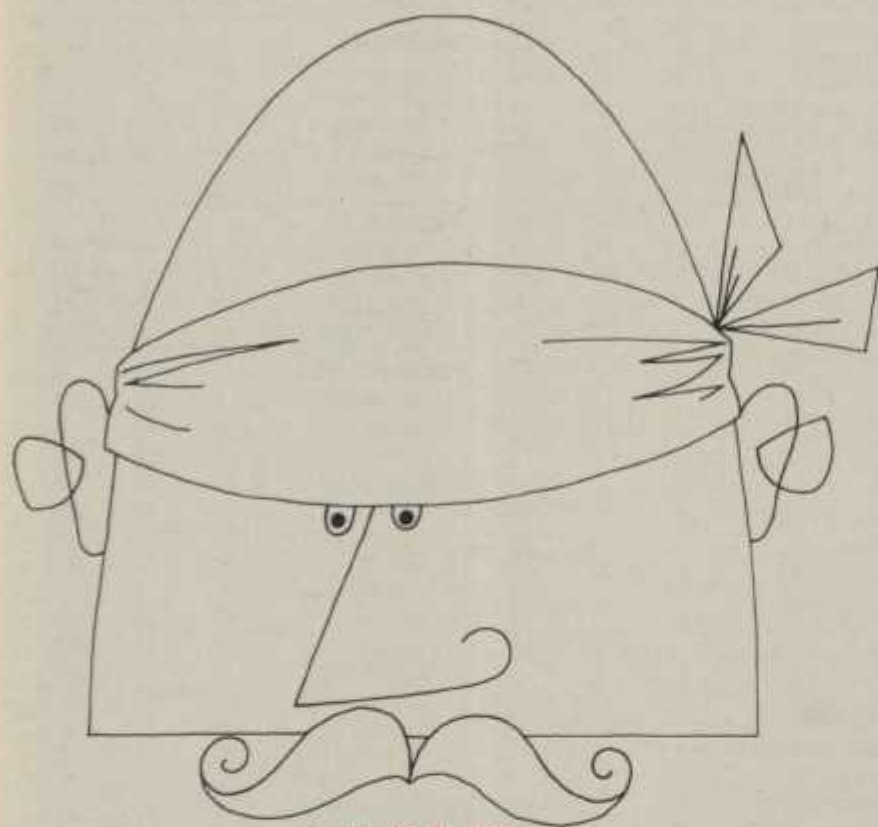
1. Rivers (D)	51	15	24
2. Watson (R)	89	0	6
3. Dorn (D)	78	11	14
5. Gettys (D)	58	11	12
6. McMillan (D)	67	15	18

SOUTH DAKOTA

1. Riefel (R)	70	19	13
2. Berry (R)	88	4	5

TENNESSEE

1. Quillen (R)	93	4	11
2. Duncan (R)	92	7	12
3. Brock (R)	91	7	3
4. Ewins (D)	23	37	66
5. Fulton (D)	10	59	95
6. Anderson (D)	12	59	92
7. Blanton (D)	47	19	38
8. Everett (D)	32	19	46
9. Kuykendall (R)	89	4	15



MINDING YOUR OWN BUSINESS

It takes a lot of doing to mind your own business.

Like taking an inventory of the factors or forces which may affect your market, and knowing what steps are needed to make those forces work for you.

Like being sure that all employees are well trained, that every effort has been made to be sure the educational facilities are available when needed. Taking a look at the environment in which the people you need as customers live to be sure it is healthy so time can be spent on building instead of rebuilding.

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NEW WEAPONS TO PROTECT YOU AGAINST CRIME

In the dark of the night three competent professional crooks cut their way into a bank with an oxygen-fed device known as a thermic lance. They rig wires bypassing the conventional alarm system and head for the vault.

But in less than a minute, police are swarming outside. Coded messages printed out by "little black boxes" in their squad cars were activated when laser-beam sensing equipment detected the intruders' presence inside the bank.

The would-be safecrackers scurry out, ignoring warnings to halt. They falter, stumble and pitch to the ground, winged by a policeman firing non-lethal pellets containing an incapacitating drug.

The scene of crime and capture is a glimpse into the future.

Such swift protection may well be widely available by 1975 as a result of mounting pressure to revolutionize law enforcement, particularly where business is involved.

A revolution already is under way in communications and detection, with advances in military and computer technology and in data processing and transmission.

But efforts are urgently needed to perfect a system that will prevent crime, make the criminal's job increasingly difficult and increase his prospects of capture.

This is the key conclusion of a pioneering government study highlighting the impact of crime on business and urging a program of

vigorous action by government and business.

All businessmen, of course, are potential crime victims. But landlords, architects, builders, insurers, security firms, and manufacturers of building components, protective devices and communications systems are particularly involved in the program.

So are local government and police, building code authorities, city planners, state regulatory agencies and a host of federal agencies including the one created by the Safe Streets Act of 1968.

The landmark study was carried out by the U. S. Small Business Administration, using private consultants and task forces including business representation, under Congressional mandate.

Controversy is ahead

Its recommendations, still officially unpublished, are likely to prove controversial. While seeking to upgrade business defenses against crime, the study also calls for significant changes in business practices—from construction to insurance—and increased government involvement—from local code enforcement to federal standards for security equipment.

Yet the study director, Dr. Richard Hellman of the Small Business Administration, notes that many recommendations resulted from industry contributions to the report.

The SBA report comes at a time

when the nation's concern is focused on law and order. President Nixon has made crime prevention a top-priority domestic goal. He also has proposed business development aids for the inner city, where, the SBA report notes, high incidence of crime would be a deterrent.

The study established that crime cost business \$3 billion for the year analyzed, 1967-68. That figure does not include the costs of organized crime and riots. Some of the massive report's recommendations, however, would offer anti-riot protection.

Of the \$3 billion cost, nearly a third—\$958 million—is accounted for by burglary. Another \$813 million is in vandalism to premises, merchandise and vehicles. The remainder is shoplifting, \$504 million; employee theft, \$381 million, and bad checks, \$316 million.

Robbery losses come to only \$77 million, though dollar losses don't reflect the impact on a business in terms of death or injury or the harrowing ordeal of an armed holdup.

The smaller the business, SBA found, the greater the impact of crime loss. The ratio of losses to receipts is 36 times higher for businesses doing under \$100,000 than for those over \$5 million.

The study and talks with Dr. Hellman of SBA and others make clear that law enforcement must be universal and pervasive.

Item: Recent tighter security in the fur industry diverted burglars



ILLUSTRATION: JERRY GAUER

New communications systems under development can have police on the scene almost instantly in high-crime areas, to boost capture rates.

into another line of merchandise—the garment industry.

Item: Increased protection in Oakland, Calif., managed to hold crime against business constant in the face of an over-all increase. At the same time, residential crime soared.

Item: One security man speculates that tightened security at banks and other financial institutions, if finally achieved under the Bank Protection Act, will restructure the crime industry by channeling criminal talents into new, less protected fields.

A protection company reported to SBA that "within very recent years all kinds and locations of businesses have become subject to crime." And the agency predicts: "If the past trends continue, the crime rates will exceed present levels."

Recommendations for business protection are based on two key principles: 1, Making it appreciably harder for the criminal to enter, commit his crime, and escape, and 2, speeding police response.

What can be done now

Increasingly sophisticated protection devices are in varying stages of research and development to counter the rising professionalism of criminals. Meanwhile, existing means of protection can be more widely used to cut the crime toll, the report notes. The question is how.

The SBA study, and Congressional hearings, are likely to stimulate security thinking. Contributors to the massive SBA study also cited steps that can be taken now.

Stanford Research Institute, in a section done for the report, declares:

"Wider use of physical security measures, such as locks, bars and break-resistant glazing, is a primary means for reducing losses to small business."

And it adds that "expanded use of effective central station silent alarm systems represents the greatest potential for increasing the capture of criminals on site."

As to physical security, the report notes that presently locks and other physical security measures are often totally inadequate. Sgt. John Kearns, head of the Oakland police department's security section and an adviser to SBA, says better locks are available than are widely in use.

Also available now is break-resistant glass, consisting of sandwiched layers of glass and plastic, said to delay a man with a sledgehammer by 10 to 25 minutes.

This offers protection against the smash-and-grab artist who attacks show windows as well as against the burglar who intrudes by smashing door or window glass. During riots, it also would prevent looting, and a tossed Molotov cocktail would merely bounce off.

Protective bars and grillwork also

offer good protection, though they should be securely fastened from the inside to resist removal by the goon with a truck and length of chain.

Heavier and more solid doors, windows and frames are recommended, for obvious reasons plus the fact that in their absence, vibrations from street traffic and buffeting from high winds can touch off many alarm systems.

This is a plague for the security industry.

Sometimes, a door can be opened by the simple device of spreading the frame with an automobile bumper jack placed horizontally.

The SBA research found striking laxity or lack of information among businessmen.

Yet alert businessmen respond readily in the few cities like Oakland where the police department's security section provides advisory services and inspects premises. It was found that those who followed police advice suffered less loss than those who didn't.

One of the most far-reaching recommendations in the multi-volume report was for more conscious concentration on security during construction or major renovation, a role for the architect and contractor.

Coordination of efforts by architects with those of alarm companies would offer the businessman the most economical mix of physical versus alarm protection.

The security-conscious architect can advise on the placement of windows or the elimination of balconies much beloved by rope burglars adept at using a line and grappling hook to make their ascent.

High priced, easily portable merchandise—favorite target of burglars and shoplifters—can be concentrated in special areas under intensified protection.

On a larger scale, the same can be done with, say, fur and jewelry departments within a department store, and with branch banks and stores with big-ticket merchandise within a shopping center.

Closed-circuit TV is called a must on the architect's future check list.

The SBA crime report says increased concern over crime and research by the National Crime Institute (set up under the Safe Streets Act) should serve to promote security of premises as a major competitive factor among builders and landlords.

It recommends that lease terms, moreover, specify the shared re-



Why the Omaha riot of '67 bombed.

One reason is the riot in '66 was a smashing success.

Another reason is the Mayor of Omaha.

In order to prevent a repeat performance, he asked local businessmen to provide more summer jobs for youth.

They agreed, and with the cooperation of the local Chamber of Commerce, launched Y.E.S.

Y.E.S. or "Youth Employment Service" performs two vital functions:

It provides contacts and know-how to youngsters who need and want jobs. And it encourages business to become more involved with young people.

In 1966, when there was no Y.E.S., 1,600

youngsters held summer jobs. And there was a riot.

In 1967, the first year of Y.E.S., 5,413 youngsters were employed in the Greater Omaha area. And there was no riot.

Today, through the encouragement and support of the National Chamber of Commerce, projects like Y.E.S. are being initiated in cities throughout the country.

Why not take an active role in your city? For more information contact your local Chamber of Commerce. Or write the Urban Action Clearing House of the Chamber of Commerce of the United States. It might help prevent a riot.

God knows, we've had enough.

Chamber of Commerce of the United States
Washington, D.C. 20006

NEW WEAPONS TO PROTECT YOU *continued*

sponsibilities of owner and occupant for security.

Whole areas can be helped

What the architect can do for one establishment or building complex, the city planner can do for entire neighborhoods. For example, promoting the clustering of top priority crime targets to promote concentrated protection by police, and pooling of alarm and private guard services.

Alleys should be well lighted and wide enough to permit police patrol cars easy access, and should offer an unobstructed view of potential targets.

For another example, a strictly enforced ban on street parking and provision of off-street parking deters robbery and burglary. The mere presence of an illegally parked truck or getaway car is bound to invite suspicion.

South San Francisco tried this in one area, and both robberies and burglaries dropped 81 per cent.

In Oakland, police have representation on the agency enforcing building codes and scrutinize building permit applications for security considerations.

But the crime report declares local government should have a say earlier in the game, and calls for establishment of local requirements to assure inclusion of adequate security provisions during initial planning.

Mixed-use zoning can also increase the number of people normally circulating through areas occupied by business at night, providing additional protection.

Also far-reaching are recommendations involving the insurance industry, particularly in light of rising claims and the experience of business in high crime areas with cancellation, non-renewal, rising rates and limitations of coverage.

SBA compliments the insurance industry for its performance over the years but says problems emerging recently require industry change. Too often, it says, insurance has encouraged the businessman to view insurance versus physical security and alarm protection as an either-or proposition.

It urges a more sophisticated mix of insurance and protection, with premium discounts based on refined knowledge of a given system's deterrent effects, based on extensive experience.

Discounts to date have been avail-



Increased use of patrol helicopters by police raises prospects of placing flashing alarm lights atop buildings to summon help without alerting intruders inside.

able, it notes, but industry statistics have lacked the detail needed for refinements, a problem now being remedied.

Another key recommendation is further exploration of the idea of federal insurance regulation, superseding state authority dispersed among 51 agencies with varying policies.

Dr. Hellman insists this suggestion came not from government but, surprisingly, from members of his insurance task force, some of whose members argued that state agencies lack the staff, technical ability and immunity from rising political pressures to carry out professional judgments based on genuine problems confronting the industry.

The report also calls for rate-setting on a metropolitan area, statewide or even nationwide basis, which would spread risks and costs to the entire business community, eliminating the competitive disadvantage of business in high-crime areas.

Protection in the future

Alarm protection by central station service firms is cited as one of the most promising areas of future protection and one of the biggest current headaches.

The problem now is false alarms, which SBA says account for 90 per cent of all calls, constituting a service drain on police manpower. It

also can cause police to downgrade their priority of response.

False alarms are attributed to equipment malfunction, carelessness by personnel at protected sites, triggering by rickety doors and windows and interference with the transmission system.

The crime report urges continued research on equipment reliability, including provision to resist human error, plus use of backup systems to verify independently intrusion or other trouble.

A number of alarm systems are now available which use sensing devices ranging in sophistication from switching mechanisms and conductive foil on windows and doors to ultrasonic waves.

Systems in use by the military or in the research stage include infrared sensors and devices to measure differences in air pressure within a protected enclosure.

Elaborating on material in the report, George A. Smith Jr., head of a Dallas detective agency and central station alarm company, predicted lasers may offer the most tamper-proof detection systems within the next 10 years.

He says the need for foolproof equipment stems from the rising professionalism among crooks as knowledge of detection and alarm systems spreads beyond legitimate experts in the industry.

Mr. Smith compares this to the

spread of knowledge of safecracking early this century from legitimate locksmiths who originally developed acetylene torch and nitroglycerine techniques to open safes when malfunctions caused lockouts.

SBA sees a dual role for protection companies during riots. For one thing, experience has shown that uniformed private guards armed with rifles deter attacks and somehow don't attract the antagonisms directed toward police.

For another, clusters of alarms automatically registered at central stations during a riot help police command centers keep track of swiftly moving mobs.

According to the crime study, the communications aspect of the alarm protection industry is being revolutionized by a computerized system known as Digitor, now sold by International Telephone & Telegraph Corp.

Furthermore, it's predicted that in the future, it could be possible to combine a number of surveillance and communication functions—telephone, TV, fire and burglar alarm, and monitoring of refrigeration, smoke emission, and boiler operation via coaxial cable.

Technology is apt to help upgrade police departments, which may receive anywhere from \$2 billion to \$10 billion over the next 10 years under federal legislation.

From a business protection standpoint, the crucial factor is the time of arrival of police once summoned, which depends on swift and accurate communications, and availability of units.

The report says available technology should make a police arrival time of 60 seconds possible in high crime areas within 10 years. A Los Angeles study of arrival time related to capture rates tells the story:

Thirty seconds or less, 100 per

cent; one minute, 90 per cent; two minutes, 75 per cent; four minutes, 50 per cent, 10 minutes, 20 per cent.

International Business Machines Corp. is developing a computerized system for New York City whereby automatic transmissions from police cars will give central communications headquarters a constant picture of all units' locations.

Crime reports received will be assigned priorities of urgency, and other equipment will enable dispatchers to learn the priority of missions all cars are engaged in and summon the most appropriate units.

SBA's report offers some hope that defense agencies may allow manufacturers of so-called scrambling equipment—which preserves radio security—to produce declassified versions for police use. Criminals can often evade capture by monitoring conversations between police dispatchers and units responding to crime scenes.

Hughes Aircraft Co., after analyzing radio voice traffic for the Los Angeles Police Department, has developed a system for coded automatic transmission of routine information between mobile units and headquarters.

The experience highlights two situations of growing importance: 1. Police departments are anxious to use the latest technology, particularly in anticipation of federal funds under the Safe Streets Act. They will be reluctant to undertake major innovations without some assurance the systems will be approved for federal funding.

The situation prompted SBA to recommend that the National Crime Institute undertake research, testing and development of standards for qualifying equipment.

2. The other is the growing clutter of the airwaves, leading to spec-

ulation that multipurpose cables eventually will supplant a great deal of wireless transmission—even commercial TV.

Another area of research recommended is in development of a non-lethal bullet for civilian purposes. The Defense Department is experimenting with military versions, says SBA, but there is a problem with varying individual tolerances to non-lethal dosage.

The report says business would benefit in two ways. First, police otherwise reluctant to fire at an unarmed theft suspect would not be deterred if they had a non-fatal option.

Second, reduction of shooting incidents involving police should help avoid the triggering of riots, from which business suffers the consequences.

Measures recommended by SBA to combat robbery, including quicker police response as a result of increased manpower, swifter communications and alarm systems, offer increased protection.

More widespread use of helicopters is predicted, including flying command posts during riots.

One form of alarm considered feasible is a flashing light on top of a building, triggered by interior sensors. It would be invisible from the street but visible to police patrol helicopters.

The report also recommends a raft of measures to be taken by businessmen, including "buddy system" arrangements whereby managements of adjoining businesses keep an eye on each other for suspicious happenings.

The Bank Protection Act also may tend to increase emphasis on capture. To date, banks and their insurance companies have been more concerned with avoiding injury to personnel and customers at the expense of efforts at on-site capture. Employees also can be coached in noting description of bandits to aid in subsequent capture.

Best advice from insurance company participants in the study: keep cash at a minimum; make frequent and irregularly timed bank deposits; have messengers accompanied.

The cardinal rule is: "If there is no cash, there is no robbery."

Crime against business, though directly a business problem, involves the entire community if only because of the costs to the public in terms of investigation, prosecution and imprisonment. On this basis, the SBA report urges the entire community to ally itself with business in a wider war on crime.

END

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The fireman (center) has nothing to do in the cab of a modern diesel locomotive but watch the engineer and the head brakeman at their jobs.

FIREMEN WANT TO KEEP **SHIRKING ON THE RAILROAD** ALL THEIR LIVELONG DAYS

American railroads now face what might confront other businesses some day—demands that outmoded jobs be preserved forever for union members. It's one of the hottest labor scraps this year.

Officials of the Brotherhood of Locomotive Firemen and Engineers declare that the job of firemen shall be restored on all trains—or they will shut down the nation's railroads.

Railroad management and numerous neutral panels, commissions and courts have decided locomotive firemen are excess baggage on today's yard and freight trains. Electric and diesel trains, they have pointed out, have no steam boilers for firemen to shovel coal into.

The railroads fear unions aim far beyond featherbedding firemen. Next, they feel, unions will want to freeze other rail jobs that become obsolete. And railroads' hopes of modernizing in order to stay com-

petitive in transportation will crumble completely.

The effect could spread much further. Once the precedent has been set, unions in other industries could be expected to try to force managements to keep filling unproductive job slots. A unionized business could be bogged down if it tries to take advantage of technological advances.

Leaders of unions representing obsolescent crafts, such as the Firemen's Brotherhood, see this as the only hope for survival of their unions.

Many persons thought the firemen issue had been settled more than five years ago. That's when arbitrators ruled the railroads could eventually phase out most of the featherbedding firemen's jobs through normal attrition of employees.

The union now insists that all 20,000 of the remaining firemen's jobs be retained and that the rail-

roads hire 18,000 new persons to fill the firemen's jobs that have been phased out. The step would, of course, swell the union's declining dues-paying membership.

If the railroads don't succumb, firemen threaten to strike, and other rail unions indicate they will forbid their members from crossing the picket lines. A nationwide rail strike would halt 42 per cent of America's intercity freight, including vital supplies to business and the military.

"Great Train Robbery"

Railroads estimate it would cost them \$150 million yearly to retain the present firemen's jobs and another \$200 million yearly to reinstate the phased-out jobs. Chief railroad negotiator John P. Hiltz Jr. calls the ultimatum "a union version of The Great Train Robbery."

The firemen dispute started 10 years ago when the railroads, to rid

themselves of some of the archaic work rules that have encumbered them since the last century, asked permission—as they must under the Railway Labor Act—to stop hiring unneeded firemen.

The firemen's union protested on grounds the elimination of firemen would make yard and freight trains unsafe (passenger trains aren't involved in the dispute). In full-page newspaper and magazine advertisements the union asked: What would happen if an engineer dropped dead at the throttle?

The union implied that the fireman is needed on diesels to take over in such an emergency and to provide an extra pair of eyes to look out for dangers.

Ignored by the union was the fact that the head brakeman sits next to the engineer. He not only sees whatever part of the track area the engineer can't easily scan, but he is capable of taking control in an emergency.

The union ignored also the fact that other crew members are required to be alert continually for hazards and that automatic safety devices further help prevent accidents. Representatives of another rail union, the Engineers Brotherhood, in fact, have said that firemen do not provide safety service.

The firemen issue has gone through years of tortuous procedures including investigations, mediation attempts, decisions by panels and courts—including the Supreme Court's affirmation of the railroads' right to ask that the firemen's jobs be dropped—a 13-month exhaustive study by a Presidential railroad commission, countless strike threats by the firemen's union and a Presidential Emergency Board recommendation that the firemen's jobs be eliminated.

In 1963 Congress authorized and President Kennedy appointed an arbitration board, presumably to resolve the matter once and for all.

The board visited rail yards, took 5,000 pages of testimony and studied 200 exhibits before concluding that at least 90 per cent of the firemen were unneeded.

To lessen the impact on the employees involved, the board ordered the railroads to use a complicated phasing out formula designed to give the best break to men with the most seniority. Firemen with more

than 10 years' service were guaranteed jobs for life.

The union was allowed to pick the 10 per cent of the firemen's slots it said were most needed for safety reasons. Interestingly, the unions' selections turned out to be the top paying runs.

Since the ruling, the railroads have succeeded in reducing the number of firemen by 18,000. Many jobs were not filled when they became vacant due to retirement, death or quitting. Some firemen switched to new jobs with comparable pay. Some, with the least seniority, received separation allowances as high as \$12,000.

The fight is on again

Last year the firemen's union announced its intention of getting all the jobs back. It contends that the power of the arbitration award expired on March 31, 1966, leaving the union free to use its bargaining and strike power to get what it wants.

The union again maintains its only interest is in the safety of the railroads. It points to figures showing an increase in total railroad accidents along with the decrease in the number of firemen.

The railroads counter with figures showing that since the arbitration award, total railroad injuries and deaths have declined, as have the number of accidents involving trains in which firemen have been removed.

The latest union demand already has been in and out of courts and negotiations, and has exhausted the mediation procedures provided by the Railway Labor Act.

Envisioning that the fight might eventually go to Congress again for the formation of another arbitration board, the firemen's union last fall joined in a loose federation with three other railroad unions to form a 250,000 member United Transportation Union. This new labor trust has the money and manpower to produce an effective lobbying tool. (For details on such operations see the first of Associate Editor Walter Wingo's series on the union lobbying machine starting on page 52.)

Meanwhile, union and railroad representatives are cautiously resuming negotiations. The National Mediation Board has recommended that the two sides put the whole

issue to binding arbitration. The railroads have accepted. The unions have not replied.

Union strategy seems to favor selected pressure on the railroads through "whipsaw" strikes. Thus strikes will be called at diverse railroads, but no nationwide shutdown will be called at once. Firemen's leaders still are not sure whether they should risk the possibility of a national emergency order to return to work followed by compulsory arbitration.

Congress has approved such orders in the past.

Railroad management is at a double disadvantage regarding strikes.

Union lobbyists have succeeded in getting Congress to force railroads to pay unemployment compensation—which amounts to about \$12.50 a day per man—to every striker and to every man who refuses to cross the picket line.

Further, railroad officials doubt they can fight whipsaw strikes with lockouts as is possible in most other industries. They point out the Interstate Commerce Commission probably would not allow an interstate carrier to shut down its services, although it would not move against a union for shutting down the carrier with a strike.

Faced with this show of union muscle from all directions, the railroads have reluctantly decided they would be better off taking their chances with compulsory arbitration than relying on the collective bargaining process to settle the firemen's dispute.

This is so even though the last time the railroads accepted government arbitration they were ordered to give staggeringly high wage hikes to machinists.

Railroad executives say that after years of government nurturing of union strength and regulation of railroad management rights, "free collective bargaining" in railroad-ing has become a sham. Increasingly the government is called on to decide disputes.

The real solution of the problem, railroad officials maintain, is for Congress to retract some of the many special privileges and immunities granted unions. These are what have enabled unions to grow so powerful that they can insist on demands such as those now being pressed by the firemen. **END**

SHOULD YOU PAY CITY'S TAXES?

A growing number of American cities levy taxes against nonresidents who work in the city.

In some cases, they're even taxing citizens of another state. For example, New Jersey and Connecticut residents must pay a tax to New York City if they work there.

Such taxes have created a furor among people who pay them. But cities defend the levies by saying they must provide and maintain such services as police and fire protection, and roads, sidewalks and the

like, to nonresidents who regularly work within their boundaries.

New York City tried to put a tax on all stock sales transacted through the New York Stock Exchange, even if the seller and buyer were thousands of miles away. The stock exchange threatened to move to New Jersey or to Westchester County to escape the levy. New York City backed down, but some people on Wall Street expect another attempt to be made. More recently, the Philadelphia-Baltimore-Washington ex-

change moved to a Philadelphia suburb in reaction to a city tax, and then moved back when a court ruled the tax invalid.

Nonresidents who are taxed maintain this is taxation without representation. And the cities argue that their revenue sources are dwindling since so many people and businesses have moved to the suburbs.

What do you think of such taxes? Should people pay to support a city where they work even if they don't live in it?

Jack Wooldridge, Editor
Nation's Business
1615 H Street, N.W.
Washington, D.C. 20006

Should you pay city's taxes?

☐ Yes ☐ No

Comments:.....
.....
.....
.....
.....
.....

Name and title.....

Company.....

SOUND OFF RESPONSE:

LAWS CAN'T CHANGE ATTITUDES

The federal government should not further regulate health and safety conditions in American businesses.

That's the overwhelming opinion of NATION'S BUSINESS readers answering March's "Sound Off" question, "Should Uncle Sam set your safety rules?"

The reasons given most often, in the order of their frequency, are:

The federal government already is overextended and should concentrate on its primary function, protecting the rights of citizens.

The present approach to safety by American businesses and the states is the best arrangement—as its outstanding record proves.

The federal government can't know the best safety rules for each business.

The proposal for more regulation is just another link in a long chain of government harassments of business.

On-the-job safety and health mostly requires safety-consciousness by the individual worker, something the federal government can't regulate.

Federal attempts to control safety and health would be too costly.

Federal regulation inevitably would involve much red tape.

Regulation actually would discourage a businessman's desire to make his work place safer.

The proposal is unconstitutional.

One of the few readers answering "Yes," for more rules, was John F. Hurlbut, president of Jel-Co Radio, Inc., Mt. Carmel, Ill. He argues: "Corporations with plants in several states would find operation a lot easier with one set of rules than with rules which change every time one crosses a state line."

Typical of the flood of "No" replies were the following:

W. E. Quicksall, president of a consulting engineers firm in New Philadelphia, Ohio: "Why add to the tax load by more bureaucracy?"

R. H. Sorensen, president of a highway contractors firm in Albert Lea, Minn.: "The federal government is in more things now than it needs to be. If it were to set the standards for safety in business, and especially in the construction trade, it would end up with a lot of red tape, and undoubtedly a good share of what is set up would not be practicable."

John B. McWethy Jr., vice president of "Dakota" Sales Agency, Inc., Fargo, N. Dak.: "I am very much opposed to any more federal controls. The states can do a better job, as they are closer to the problems. This kind of regulation would give us another NLRB (National Labor Relations Board) and EEOC (Equal Employment Opportunities Commission). We need some freedom to manage our own businesses."

T. J. Durrett Jr., vice president of Techsteel, Inc., Atlanta, Ga.: "There isn't enough money in the world to pay for sticking a finger of the government in every leak to improve the lot of humanity. Why not force government to properly and economically enforce present laws to provide much more protection of its citizens than this?"

J. Lee Lassiter Jr., president of the North Carolina Society of Safety Engineers and a manager of the Burkert-Carolina plant of Textron in Henderson, N. C.: "The state labor departments I am acquainted with are already doing a good job in this respect. The federal government should remove the beam from its own eye before it tries to remove the mote from industry's eye—a mote that gets in the employee's eye only when he fails to use the

safety goggles provided for him by the employer."

Dana M. Swett, safety director of Maine Public Service Co., Presque Isle, Me.: "The question might arise of why the United States Labor Secretary is so concerned with private enterprise's safety records which have improved so tremendously over the years. At the same time government employees, who I assume are under the jurisdiction of the U. S. Labor Secretary, have one of the highest frequency rates of all industries."

D. Clark, office manager, Cincinnati Doll Co., Cincinnati, O.: "Businessmen have the brains to take care of safety problems, and they do. We do not need the politicians nor the labor unions to do all our thinking for us. Government must realize people in business are not nitwits, and quit trying to run our lives."

David L. Johnson, manager of the Loss Prevention and Technical Services Department of Pennsylvania Manufacturers' Association Insurance Co., Philadelphia: "We do not believe that safety can be legislated but rather can best be accomplished through sound engineering and educational programs."

Arnie Halo, plant manager of Duke Refining Corp., High Point, N. C.: "Safety problems should be fine combed to find corrective measures peculiar to individual industries and finally to specific occupations. This is best done by individuals completely indoctrinated in specific jobs—mainly management."

W. G. Prasse, president of The Oilgear Co., Milwaukee, Wisc.: "The states have done a reasonably good job. The only area which needs improvement is in the mines, and those standards are already set by the federal government. It hasn't done a good job in that area. Keep safety standards close to home."

Gordon Olson, president of First Bloomington Lake National Bank, Minneapolis, Minn.: "There is no reason to believe that a government agency can do more than is being done by industry. It would just be another expensive agency supported by tax money. Each industry is better able to handle its own problems."

H. W. Balsley, retired owner of Modern Electric, North Liberty, Ind.: "If Uncle is looking for some-

SOUND OFF RESPONSE: LAWS CAN'T CHANGE ATTITUDES *continued*

thing to do really worthwhile, he should start cracking down on commies and commie sympathizers. They are the real threat to our safety."

Melvin Pekoch, president of Green Thumb Nursery, Inc., Cedar Rapids, Iowa: "There are way too many rules and regulations now. We in the industry try to provide the best conditions possible. Why get government red tape in the safety area, too?"

Harold C. Hines, owner of Hines Cleaners, Sulphur Springs, Texas: "It is industry and businesses which are the foundation on which our nation was built and are necessary for its continued growth and prosperity. The odds seem good that some shortsighted Congressmen and

the Labor Department will kill the goose that laid the golden egg."

Nathan N. Roth, construction superintendent, Bruni-Miller Co., Monroe, Wis.: "The unions had better promote more safety among their own ranks. The human element is the big factor in safety—not more laws."

L. Jeremy Crews Jr., president of Marine Development Corp., Richmond, Va.: "We must individually have a desire to practice safety if we are going to do so effectively. Historically, regulation does not foster desire; therefore, regulation cannot be expected to promote individual safety."

Roger Burkett, plant manager, Brockway Glass Co., Brockway, Pa.: "The attitude of the people in-

involved in the accident represents by far the greatest cause of the accident itself. You cannot make laws to change attitude."

Washington State is "doing a fine job in making and enforcing safety rules," says H. L. Coe, plant manager of Deer Park Pine Industry, Inc., Deer Park, Wash. He adds that federal safety regulations "would just be another unnecessary expense to the taxpayers."

Howard Myers, owner of Myers Molasses Co., Alliance, Ohio: "If the unions or government make the rules, the workers take them for granted and obey the rules when they feel like it. If the employer makes the rules and has proper supervision, you have better success in enforcing them."

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HOW MUCH DO YOUR TAXES BUY?

Nationalization of safety rules "would be ineffective and expensive and inefficient," says T. E. Sims, president of Sims Brothers Builders, Inc., Marietta, Ohio.

"I have never observed any job that a Washington bureaucrat could do nearly as well as any person in private enterprise," writes Boykin Clarke, secretary for H. H. Burnet & Co., Inc., an insurance agency in Waycross, Ga. "Insurance company safety experts and loss controllers do the best job."

Harlan L. Lea, president of Koneta Rubber Co., Inc., Wapakoneta, Ohio: "Is there no phase of business, financial or personal life left in the United States today that the federal government does not insist upon infiltrating? I cannot think of a single phase where federal power has trespassed into areas best delegated to state and local government that the result have been other than most disastrous in misuse and abuse of power."

C. D. Attaway, senior engineer, Thiokol Chemical Corp., Marshall, Tex.: "Each state should set its rules, adapted to needs with codes set up by professional safety men and industry jointly. Uncle Sam's agencies, including the Army, Navy and Air Force, have the worst safety records now."

William E. Mills, safety director, Consolidated Foods Corp., Chicago, Ill.: "Voluntary effort in the promotion of safety is the best method to assure continued improvement. Effective action considered at the federal level might be grants issued to aid research needed in safety and to help educate industrial and local enforcement agencies on the best ways to attain results."

W. G. Moore, president and general manager, Lehigh and Hudson River Railway Co., Warwick, N.Y.: "More U. S. government intervention will not help. Businessmen should be able to set safety standards and programs and perform the follow-up."

William Schandolph, general manager, Tetley Tea Division of Beech-Nut, Inc., Savannah, Ga.: "All the rules and exact rigid enforcement of them won't prevent industrial accidents. Safety is a matter of education of the worker and the supervisor."

What is your state's share of the \$2.6 billion Washington laid out in the past fiscal year for foreign aid or the \$80.5 billion that went for national defense or the money spent on any other program?

Your tax burden for any federal outlay can be calculated by using the table below. Figures show what per cent of all federal taxes are paid by residents of each state—and accordingly what part they pay of any federal spending activity.

The percentage figures were compiled by the Chamber of Commerce of the United States.

Alabama	1.12	Montana	.28
Alaska	.14	Nebraska	.67
Arizona	.66	Nevada	.27
Arkansas	.57	New Hampshire	.35
California	11.31	New Jersey	4.24
Colorado	.93	New Mexico	.36
Connecticut	2.09	New York	11.75
Delaware	.38	North Carolina	1.77
Dist. of Columbia	.55	North Dakota	.22
Florida	2.74	Ohio	5.51
Georgia	1.70	Oklahoma	.97
Hawaii	.38	Oregon	.94
Idaho	.26	Pennsylvania	6.08
Illinois	6.82	Rhode Island	.50
Indiana	2.47	South Carolina	.82
Iowa	1.25	South Dakota	.23
Kansas	1.02	Tennessee	1.43
Kentucky	1.12	Texas	4.70
Louisiana	1.37	Utah	.38
Maine	.39	Vermont	.18
Maryland	2.20	Virginia	1.98
Massachusetts	3.15	Washington	1.69
Michigan	4.80	West Virginia	.64
Minnesota	1.66	Wisconsin	2.04
Mississippi	.59	Wyoming	.15
Missouri	2.18	Total	100.00

The methods used to apportion the various taxes are as follows:

Individual income taxes—allocated to each state proportionate to the most recent Internal Revenue Service data on individual income taxes collected from each state, adjusted for more recent changes in each state's personal income.

Corporate income taxes—allocated on the basis of dividends and personal income received by residents of each state.

Estate and gift taxes—allocated on the basis of average tax collections.

Alcoholic beverage taxes—allocated on the basis of consumption data reported by trade associations, and by personal income received by residents of each state.

Tobacco taxes—allocated on the basis of population.

Motor vehicle taxes—allocated on the basis of new car registrations.

Trust fund receipts—allocated on the basis of receipts collected from each state.

Other miscellaneous taxes—allocated on the basis of personal income received by residents of each state.

OUT OF FOCUS

Taxes are on everybody's mind.

We not only have to pay them, we have to hear about how inequitable they are and how desperately politicians want to make the Internal Revenue Code more just.

Calls for tax reform and dire warnings about taxpayers' revolts focus on so-called "loop-holes" in the law that provide different tax treatment for different kinds of income.

Over the years, lawmakers, in their wisdom, have always provided tax incentives, whether to encourage contributions to charity or exploration for oil.

Critics should realize that one man's "loop-hole" is another man's livelihood. Abuses are relatively rare.

This shouldn't be the cause of taxpayer revolt.

What we should worry about is that tax increases result from the rising cost of the federal government. And this cost—not always necessary or wisely allocated—has more than doubled in just the past decade.

That's what's really revolting.

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If you want all these advantages at the lowest price, you want Chevy-Van!

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